



Marketing Articles in Review

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MARKETING ARTICLES IN REVIEW

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1. Advertising and Sales Promotion

An Ad Man's View of His Craft. Leslie F. Stinton, *British Industry*, January 22, 1965, pp. 20-21 [U.M.S.]

An advertising agency chairman sums up his credo thus:

1. Advertising, when allowed to do its job, is creative of new business.
2. The morale and image of advertising are no higher and no lower than the morale and image of the society it inhabits and the industries it serves.
3. Advertising is honest in the general sense that business is honest. If you don't give value for money, you go out of business.
4. Advertising is enthusiasm, burgeoning into profitable activity, a subtle craft employing known means to achieve known ends.
5. The extreme flexibility of advertising as a selling instrument makes it absolutely essential to business in a rapidly changing world.

Is There a Role for Computers? J. W. W. Cassels, *Advertisers' Weekly*, January 29, 1965, pp. 30, 32. [U.M.S.]

A forthright discussion of the pros and cons of using a computer to help in operating direct mail advertising includes comparative costs of normal and computer-based methods. No firm recommendation is reached, but indications are that a computer would as yet seem to be an expensive alternative.

The Computer in Media Planning. G. P. Taylor, *Scientific Business*, November, 1964, pp. 287-294. [U.M.S.]

After a brief description of the media planner's function, a case is made for his need for a computer. Indications are given of some types of problem for which a computer is suitable and its limitations in their solution. Finally, some of the criticisms of applying computers to this work are mentioned. Human judgments must still be used.

This is only an interim progress report on British experience so far.

The Not So Silent Salesmen. *Business Week*, November 21, 1964, pp. 130-132. [L.R.M.]

"The Not So Silent Salesmen" are point-of-purchase advertising pieces. In November, 1964, the Point of Purchase Advertising Institute had its 18th Annual Symposium and Exhibit. The article briefly discusses this along with some reasons for the rising importance of POP advertising: new products, the working wife being busier, and getting in the chain store door.

Who's Taking Notice? *Economist*, January 9, 1965, pp. 131-132. [U.M.S.]

The publication of a new readership survey presents an opportunity for a brief discussion of press and television research from the point of view of the agency media buyer. Media research in Britain is the result largely of the initiative of agencies and media, and too little of that of their clients.

The Place and Function of the Marketing Department in an Advertising Agency. W. A. C. Cooper, *Marketing*, January, 1965, pp. 24-26. [U.M.S.]

Having cleared away the artificially made distinc-

tion between "creative" and "marketing" agencies—marketing being a creative function and agencies being unable to create effective selling advertising without becoming involved in marketing thought—the positive ways in which agencies can help clients' marketing operations are discussed. The five areas mentioned are:

- (1) Formulation, understanding, and application of marketing principles.
- (2) Logical analysis of possible alternatives.
- (3) Awareness of activities, methods and opportunities and application of these to specific problems.
- (4) Disinterested appraisal of marketing ideas.
- (5) Marketing creativity.

The Client/Agency Relationship. Tom Sutton, Reprint of talk given at Bristol & West Publicity Club, September 24, 1964, 15 pp. [W.S.P.]

Set in amusing context are comments on the problems that exist in the client/agency relationship in advertising. While the speech was given in England and directed to a British audience, the insightful remarks made by Mr. Sutton apply equally well to the situation in the United States.

The difference in basic viewpoints between the client and the agency are presented as the basis for much of the misunderstanding that is involved in the relationship from time to time. The reprint would be useful reading material for advertising students and teachers.

The Centennial of the J. Walter Thompson Company: Commemorating 100 Years of American Advertising. *Advertising Age*, Section 2, December 7, 1964, 202 pp. [J.S.W.]

On the occasion of the 100th anniversary of J. Walter Thompson Company, the world's largest advertising agency, *Advertising Age* published a special edition as a supplement to its regular weekly paper. A goodly portion of the magazine is devoted to the honoree, 54 pages dealing with JWT as it exists today plus nine pages about the agency's past.

A brief history of American advertising and advertising agencies, as well as important industry leaders' biographical sketches, is included. Approximately 100 pages are devoted to a discussion of various kinds of advertising: print, business paper, television, radio, outdoor, point of purchase, and trade advertising cards. The traditional look at the future is provided, along with a discourse on the economic and social role of advertising in our society.

The Great Sandpaper Shave. Daniel Seligman, *Fortune*, December, 1964, pp. 131-3, 188 ff. [H.W.F.]

In trying to prevent deception, the difficult problem is the half-truth—the advertisement that is ambiguous. A challenged television commercial for Rapid Shave has led the FTC to rule that any representation in a TV Commercial must be truthful. Incidental mockups are permitted but not as proofs of product performance.

Advertising in Europe. Special Report No. 1, *Marketing in Europe*, December, 1964, pp. 14-27. [W.S.P.]

The Report presents a summary of advertising in Belgium, France, Germany, and the Netherlands; the Italian situation was covered in an earlier such report. Data are given on expenditures, broken down among the major media. Top ten agencies' figures are tabulated for 1962 and 1963.

What's Going on in Trading Stamps? *Progressive Grocer*, February, 1965, pp. 53-59. [R.J.M.]

This article is based on a recent *Progressive Grocer* mail survey and individual case studies of particular supermarket operators.

Premium Practice Magazine and The Trading Stamp Institute, respectively, list 1963's stamp sales between \$701 million and \$900 million with 260,000 stores of all types giving stamps.

Progressive Grocer's study indicated that of the total stores operated by respondents, stamp giving units totaled only 48%. The Super Market Institute showed 70% of its respondents using stamps. Less than 1% of stores added or changed plans during the past 12 months, while 7% of the total dropped stamps. This study reports considerable indecision on the part of many of its respondents—stamps are offered in some of their units while in others, stamps are not offered.

Further findings of the study: A general decline in stamp usage; price cuts are the basic substitute for stamps; and considerable satisfaction on the part of previous stamp users who have subsequently dropped stamps.

Majority of Readers Give Papers an A for Accuracy.

Charles E. Brown, *Editor and Publisher*, February 13, 1965, p. 13. [J.L.G.]

This article reports the results of research undertaken by Professor Brown of the School of Journalism, The Pennsylvania State University.

Two hundred stories were cut from some 42 newspapers of smaller Oklahoma cities. The clippings were mailed to the sources of information mentioned in them who were asked to point out any errors which were contained in the stories. There were 143 positive responses. Eighty-five had no errors while 58 had a total of 123 mistakes. Most of the errors resulted from information *told* to reporters rather than relayed directly by the reporters. Other sources of error were: miscellaneous factual—32; errors in meaning—12; essential information not included—11; errors in figures—10; misleading or incomplete heads—10; the remaining 48 errors were distributed over eight additional classifications.

Evaluation of a Special Promotional Campaign for Frozen Concentrated Orange Juice. Peter L. Henderson, *Marketing Research Report No. 693*, USDA, Economic Research Service, February, 1965. [A.F.W.]

A nationwide promotional campaign was conducted by 22 cooperating producers of Florida frozen orange concentrate from September through November, 1962, to increase consumer purchases. As a result of the campaign, purchases increased by approximately 1.74 million gallons.

Demand analyses showed that an estimated decrease in the average monthly retail price of approximately 3 cents per 6-ounce can of frozen concentrated orange juice would have been necessary to obtain the same sales volume or a loss in revenue of \$16.8 million. The net return to the campaign after deducting promotional costs of \$3.5 million was about \$13.3 million.

Consumer panel data showed that increased sales were derived primarily from an increase in the number of new users and an increased purchase rate among families who were previously classified as medium and heavy users.

Housewares Demonstrators: What Is Legal? . . . What They Are Really Doing. *Merchandising Week*, March 15, 1965, pp. 17-19. [w.g.]

Little discussed in the literature is the legal and

promotional significance of supplier-paid retail demonstrators.

Legal problems arise in two ways. Since the provision of demonstrators is in effect a price concession by the manufacturer, price discrimination in violation of the Robinson-Patman Act may be involved.

Second, if an unclearly identified manufacturer's demonstrator "switches" customers to his manufacturer's brand, this may be interpreted as customer deception, and would be illegal under the Wheeler-Lea Act. There are questions also regarding whether the retailer or the manufacturer is to control the demonstrator's activities. Sometimes overzealous demonstrators are suspected of literally sabotaging competitors' merchandise in the store!

The paucity of prior published information on this subject is not surprising; in a national survey McGraw-Hill researchers found an almost universal attitude of fear (on the part of buyers and merchants interviewed) at the prospect of the practice becoming publicized. Major conclusions reached were (1) questions of practical policy are just as important as legal problems, (2) abuses are not widespread, but too many executives know too little about the ones that do exist, and (3) good demonstrators are worth their weight in gold, but some stores refuse to accept them.

Come and be Cleansed. John Barr, *New Society*, March 18, 1965, pp. 5-6. [U.M.S.]

The increasing use of personality promotions has prompted this amusing impressionistic description of a typical day in the life of one of the specially hired "personality men." The author states that, like straight acting, the work is exhausting and has its hazards.

2. Agricultural Marketing

Harvesting Hay and Hay Crop Products. Paul E. Strickler and Orville E. Krause, Report of the Economic Research Service and Statistical Reporting Service, USDA, January, 1965, 10 pp. [w.s.p.]

The value of this preliminary report is in the tabulation of preliminary statistics on this major crop on U. S. farms. The type of machinery used in forage harvesting is detailed by agricultural district as is the information on hay production. Marketers of farm chemicals and farm machinery used in such crops will find the figures useful.

Copies are free from the USDA Economic Research Service, Washington, D. C. 20250.

Changes in Total Market Structure and Implications of These Changes: "Project 1964." Robert E. Freeman, Presented before Association Southern Agricultural Workers, Marketing Section, Dallas, Texas, Feb. 1, 1965. [A.F.W.]

This is a progress report on "Project 1964." The project is a review and appraisal of agricultural marketing, with emphasis on the changes which have occurred since World War II.

Marketing is broadly defined to include all the activities involved in getting farm products from the farm to the consumer. Major marketing changes are summarized in six categories: transportation, assembly, processing, wholesaling, retailing, and away-from-home food service. Some comments are included on the significance of the rated changes. These are based on available data and on published research studies.

Demand for Manufactured Foods, Manufacturers' Services, and Farm Products in Food Manufacturing. William H. Waldorf, *Tech. Bul. No. 1317*, Marketing Economics Division, Economic Research Service, U.S.D.A., December, 1964, 60 pp. [A.F.W.]

This bulletin is concerned with consumption of manufactured foods of farm origin, food processing services, and farm food products in response to changes in income, prices, and other factors. The least-squares method was used in order to estimate the demand relationships. The author discovered that the demand for factory processing services increased between two and three times as fast as the demand for the farm products. It was also found that household purchases of processing services responded about as much to changes in the price of the services as they did to changes in income.

Outlook for Food Consumption and Prices. Presented by Stephen J. Hiemstra at 42nd Annual Agricultural Outlook Conference, Economic and Statistical Analysis Division, Economic Research Service, U.S.D.A., Washington, D. C., November 19, 1964. [A.F.W.]

The outlook for 1965 is for continued expansion in food expenditures, though the increase is not likely to match the unusually large 5% gain in 1964 when they totaled about \$80 billion. Per capita food consumption rose about 1% due to increases for beef, turkey, and fruit; and population increased 1½%. Retail food prices increased a little more than 1%, and a further gain occurred in marketing services. If income and food expenditures increase as expected, about 18% of income will be spent for food in 1965.

The Domestic Tree Nut Industries—An Economic Appraisal. Jules V. Powell, *Agricultural Economics Report 62*, Marketing Economics Division, Economic Research Service, U.S.D.A., November, 1964, 41 pp. [A.F.W.]

This report evaluates the production and marketing of each of the major domestic tree nuts—almonds, filberts, pecans, and walnuts. Available secondary data—supplemented with surveys of major tree nut marketers—are used to determine the supply and distribution of tree nuts, the principal marketing agencies, the most important users, and the nature of competition among tree nuts in principal end users. Trends of production and consumption are used to estimate prospects for expansion of each of the tree nut industries. The author concludes that prospects for the tree nut industries are bright if present world supply-demand relationships obtain in the years ahead.

Variations in Food Prices. Presented by Rosaline C. Lifquist, at 42nd Annual Agricultural Outlook Conference, Marketing Economics Division, Economic Research Service, U.S.D.A., Washington, D.C., November 19, 1964. [A.F.W.]

The paper includes brief discussions of the (1) relation of expenditures for food and per capita disposable income, (2) variations in the average U. S. prices of important kinds of foods and food items during the past ten years, (3) variations in food prices as a family might meet them, based on prices collected in one shopping area in Greensboro, North Carolina, (4) effect of factors other than prices on a family's grocery bill. Some reasons are given why the family shopper's concept of food prices may be different than those shown by national estimates.

3. Area Analysis

Economic Future of the Western Slope (Colorado). Leo A. Droste, Bureau of Business Research, University of Colorado, December, 1964, 63 pp. [N.E.M.]

This study is a collection of economic development notes, analyzed and presented by the author, as a guide to businessmen presently involved in the western slope area of Colorado, or contemplating entering the area. For this purpose the statistics should prove valuable in market and sales forecasting.

South Carolina and the National Economy. James A. Morris, *Essays in Economics, No. 11*, Bureau of Business and Economic Research, University of South Carolina, October, 1964, 100 pp. [D.E.S.]

A two-year series of articles originally published in the *Columbia State-Record* are collected under eight chapter or topic headings by Dean Morris. The editor of the Essays series notes that this one analyzes current economic problems of the state, including those of obsolescence of skills and of unemployment caused by automation of the textile industry and mechanization of the farm.

The eight topics include economic expansion of South Carolina, education required for economic growth, manpower requirements for South Carolina's increasingly industrial economy, fiscal and monetary policies, and the impact of international trade on the state.

The Brains Behind Big Deals. *Business Week*, August 15, 1964, pp. 50, 52, 55. [W.S.P.]

This brief article describes the place of the real estate researchers in the site selection activities of the times. Most of the firms have sprung into prominence since World War II because their volume of business has risen rapidly in the years following the war.

The specter of overbuilding plus the effects of urban renewal plans have combined to enhance the value of their work to their clients. A national society of these firms has been formed: the American Society of Real Estate Counselors.

Real Estate Research Corporation is cited as exemplifying the activities of these counselors. Begun in 1931, the firm now grosses more than \$4 million a year and estimates that it has been involved in setting the stage for more than \$100 billion in new construction.

5. Consumer Analysis

Disease and Cigarettes—A Consumer Opinion Study. Karl H. Stein, *Business and Society*, Autumn, 1964, pp. 32-37. [H.W.F.]

Four months after publication of *Smoking and Health*, a telephone survey in Greater Chicago elicited that one-eighth of the respondents had not heard of the Surgeon General's Report. The article does not reveal the size of the sample.

A greater proportion of white-collar workers than blue-collar knew about the Report. Although white-collar workers believed that cigarettes injure health or shorten a smoker's life span, they classified themselves 2:1 as heavy rather than light smokers in very significant contrast to the 1:3 ratio given by blue-collar workers.

Self Confidence and Persuasibility in Women. Donald F. Cox and Raymond A. Bauer, *Public Opinion Quarterly*, Fall, 1964, pp. 453-466, [G.F.]

This paper tests the hypothesis that there is a relationship between self confidence and persuasibility in women, and also that people low in self confidence in performing a specific task are more readily persuaded. Under some conditions brand choice of women's stockings was made, not unreasonably, on the recommendation of expert testimony. The remarkable failure to recognize that such rational action is complementary to psychological and sociological explanations rather than a competitive "economic man" explanation is illuminated by Cox and Bauer's experiment.

Images of Man and Public Opinion. Charles Y. Glock, *Public Opinion Quarterly*, Winter, 1964, pp. 539-546. [G.F.]

This article examines the relationship between opinion formation and the image of man held by people who believe in free will, those who believe in determinism, and those who believe in an admixture of the first two. To some extent social science can change what society believes to be accumulated evidence. However, there is resistance in the economic order, religion, and the family to influence by social science knowledge about the nature of men. Yet the changing image of man is affecting the character and content of the issues that become the subjects of public opinion. It is evident that the strains of these disparate images pervade the collective mind. Many current problems are rooted in differences between conflicting and perhaps irreconcilable images of man.

Can these images of man be useful in forming our understanding of public opinion and the conduct of opinion research? Glock leaves the answer to this question for his audience to decide.

Preview of Your Markets in '75. *Nation's Business*, November, 1964, pp. 66-88. [F.A.B.]

Consumer units now total 59.5 million families and individuals, spending \$400 billion. By 1975 the estimated 70 million units will buy \$640 billion of goods and services. Units with annual incomes under \$6,000 will drop from 47% to 28% of the total, and will account for only 8% of total purchases.

Changes in outlays by sectors of spending are: food up 42%; tobacco and alcoholic beverages, 56%; clothing and footwear, 43%; shelter and housewares, 63%; transportation, 58%, and medical care, recreation, reading and education, 78%.

Dollar expenditures are listed for 50 categories of spending, classified by four income groups as well as 1964 vs. 1975 estimates. Thus market potentials can be established for 200 income product "target" groups.

Cognitive Dissonance and the Effectiveness of Persuasive Communications. James O. Whittaker, *Public Opinion Quarterly*, Winter, 1964, pp. 547-555. [G.F.]

Dissonant cognitive elements create tension and dissonance leads to tension reducing behavior. Hence the greater the discrepancy between the position taken in a persuasive communication and the attitude held by the listener, the greater will be the dissonance and, consequently, the greater the change according to Festinger's theory of cognitive dissonance.

After citing contradictory results of studies supporting or challenging the theory, Professor Whittaker

suggests the degree of involvement as the mediating variable accounting for the conflicting findings. In issues of low involvement, communications presenting positions considerably divergent from those of the subject might bring about the change. In studies reporting greater change with smaller discrepancies, it is possible that the discrepancies were of too great a magnitude for small changes to be noticed. Extremely large discrepancies were observed to have a boomerang effect. The theory of cognitive dissonance is rejected as a sufficient explanation of observed experimental results.

Schweppervesscent Case History. Edward Whitehead, *Marketing*, January, 1965, pp. 28-31, 40. [U.M.S.]

Although Schweppes has been exported from Britain to the States since the 1890s, the high cost of shipping bottles and cases limited the market. In 1953 U. S. bottlers were enfranchised for Quinine Water, and the story of its marketing, since then, followed by the addition of other products, including Bitter Lemon, is unfolded. This could be a useful view to Americans of how the United States appears as a market to an outsider.

Spending Patterns of Rural and Urban Families. Presented by Jean L. Pennock at 42nd Annual Agricultural Outlook Conference, Consumer and Food Economics Research Division, U.S.D.A., Washington, D.C., November 17, 1964. [A.F.W.]

This paper presents data for 1961 from the 1960-61 Survey of Consumer Expenditures, conducted jointly by the U. S. Bureau of Labor Statistics and the U. S. Department of Agriculture. The data include average income; expenditures for current consumption, for gifts and contributions, for personal insurance; and net change in assets and liabilities. Expenditure patterns of urban, rural nonfarm and farm patterns are compared at the national level and regionally, and changes over time pointed out. Statistical reports from the survey and their sources are listed.

Spending Patterns of Low-income Families. Presented by Emma G. Holmes, at 42nd Annual Agricultural Outlook Conference, Consumer and Food Economics Research Division, U.S.D.A., Washington, D. C., November 17, 1964. [A.F.W.]

According to the Survey of Consumer Expenditures in 1961, 21% of urban, 34% of rural nonfarm, and 40% of farm families had after-tax incomes under \$3,000 in 1961. ("Families" here include single consumers as well as families of two or more.) Total spending for current consumption by these low-income families averaged about \$2,100 in the urban, \$2,000 in the rural nonfarm, and \$2,200 in the farm areas. Additional outlays averaging \$160, \$135, and \$195, respectively, were made for personal insurance and gifts and contributions. The average net change in assets and liabilities was negative in each group, resulting in a deficit of about \$700 for the farm, \$285 for the urban, and \$160 for the rural nonfarm families.

As compared with higher-income families, the average family with after-tax income of less than \$3,000 spent larger percentages of their consumption dollar for food, shelter, and medical care; and smaller percentages for clothing, furnishings and equipment, transportation, and "other" including personal care, recreation, reading, education, tobacco and miscellaneous.

Spending Patterns Over the Life Cycle, Presented by Mary Jane Ellis at 42nd Annual Agricultural Outlook Conference, Consumer and Food Economics Research Division, U.S.D.A., Washington, D. C. November 17, 1964. [A.F.W.]

The familiar cycle of marriage, child-bearing, child-rearing, retirement, and dissolution of the family is accompanied by changes in the volume and pattern of spending for goods and services. The average family in the beginning stage of the life cycle in 1961 spent less for current consumption than did the average U. S. family that year; the average family in the middle stages (the child-rearing years) spent more; and the average family approaching retirement or already retired spent less.

Families at the beginning and at the end of the cycle differed sharply from the average in the relative importance of various items in the budget. Both groups tended to spend more than the average share for housing. The beginner family spent relatively less for food and medical care and relatively more for transportation, while the elderly family spent relatively more for food and medical care and less for clothing and transportation.

Changing Tastes in Food. John Barr, *New Society*, February 4, 1965, pp. 6-8. [U.M.S.]

The occasion of the launching of a three-year survey by London University into changing food habits in Britain touches off this article which summarizes a few salient points from a number of earlier surveys on food and eating habits. Reference is made to trends—sweet to savory foods, sweet to dry drinks, strong to bland flavors, fresh and natural to processed and artificial flavors. Perhaps the chief lesson is that American tastes cannot be imported without modification; there is already a catalog of complete and near failures to act as warning.

The Changing Character of Negro Migration. Karl E. Taeuber and Alma F. Taeuber, *The American Journal of Sociology*, January, 1965, pp. 429-441. [J.L.G.]

The research reports the finding concerning several characteristics of Negro migrants into and away from large cities. There has been a popularly held conception that Negro in-migrants to large metropolitan areas were on the average lower in socioeconomic status than are the resident Negro population.

This study examining recently-published data on migration during the 1955-60 period discovered evidence that many of the previously held opinions with respect to Negro migration are no longer valid: The data show Negro in-migrants to be on the average of substantially higher socioeconomic status than the resident Negro population in a large number of metropolitan areas. In educational attainment Negro in-migrants to northern cities were equal to or slightly above resident white populations.

The authors conclude that "as the Negro population has changed from a disadvantaged rural population to a metropolitan one of increasing socioeconomic levels, its patterns of migration have changed to become very much like those of the white population."

Who Says Shoppers Are Stupid? *Nation's Business*, March, 1965, pp. 34-35 ff. [F.A.B.]

Nation's Business conducted a small-scale experiment to determine whether or not consumers need legislative protection, such as the "Truth-in-Packaging" bill.

Six teen-age girls and a home economics teacher were given a list of 35 categories of items to be purchased in a major supermarket. These items had been cited in congressional hearings as "fooling or confusing" the nation's housewives.

The shoppers were subsequently interviewed by a teacher of home economics to determine if they had bought wisely and without confusion due to packaging and labels. It was concluded that they had no difficulty in understanding information on price, weight, and contents; and they did not judge packaging and labels to be deceptive.

A further survey of students in home economics courses supported the conclusion that these teen-agers have few complaints and are capable purchasing agents for the home—without the aid of protective legislation.

6. Costs and Efficiency

Two Ways to Look at Landed Cost. *Chain Store Age*, February, 1965, pp. E14-E15. [R.J.M.]

This brief article reports on the necessity of seeking a balanced view between traffic managers and merchandisers. The crux of the article is that merchandisers are coming to a greater degree of appreciation for the traffic manager's skill in moving quantities of goods at low cost. Cooperation among the people who plan the merchandising program, those who buy the merchandise, and those who move it, can add millions of dollars to net profit.

Throughout the article specific examples and illustrations are utilized to dramatize the need for cooperation between these two vital business functions. With transportation cost as the third largest expense item of many merchandisers, attempts at lowering landed cost through better traffic management is rapidly becoming not only popular but necessary.

7. Distribution and Channels of Distribution

Death of the Salesmen. Anne Angus, *New Society*, March 11, 1965, pp. 5-6. [U.M.S.]

The effects of the abandonment of resale price maintenance are traced in changed methods of retailing. Retail buying groups are particularly singled out for discussion.

8. Financing

Credit Implications of the Uniform Commercial Code. Leon S. Forman, *Credit and Financial Management*, January, 1965, p. 10-13, 43-44. [H.W.F.]

Most states have enacted identical statutes covering sales, negotiable instruments, documents of title, bank collections, investment securities, bulk sales, and secured transactions. A specific provision of this Uniform Commercial Code requires the exercise of good faith in all covered transactions.

Specific rules based on business custom govern the rights of buyers and sellers. For example, a consignment usually requires filing to protect the shipper. Again, if after goods are bought the buyer rejects a

salable shipment, the seller must first resell the goods; then sue for any difference plus damages. Furthermore, if a buyer is insolvent, the new law gives the seller ten days to recover his shipment, and no time limit if the buyer had within the previous three months misrepresented solvency (in writing). Another article requires a buyer who takes over a business's stock-in-trade in bulk to give notice to the seller's creditors. The Code also brings all security devices (liens, chattel mortgages, etc.) into one law. Sellers must study the new provisions and interpretations which are changing the rights of a creditor.

Changes in Selected Bank Operations 1959-1964: A Survey of 100 South Carolina Banks. Olin S. Pugh, *Essays in Economics No. 12*, Bureau of Business and Economic Research, School of Business Administration, University of South Carolina, vi + 31 pp. [W.S.P.]

This report presents and analyzes changes in bank operations in South Carolina during the period from mid-1959 through mid-1964. Data were supplied by 100 banks through the use of mail questionnaires. In addition standard banking sources were drawn upon for figures for the report.

Copies may be requested from the author at the University of South Carolina, Columbia, South Carolina. No charge is indicated in the review copy. Its contents should be of interest to bank students and researchers generally concerned with the marketing of banking services.

Economics of Scale in the Savings and Loan Industry. Eugene F. Bingham, *The Western Economic Journal*, Fall, 1964, pp. 7-20. [W.S.P.]

Results of a detailed cost study of two cross-sectional samples of Savings and Loan Associations (S&L's) in California are reported in this paper. The first sample included most of California's S&L's but was restricted to data for the year 1962. The second sample took seven sets of observations across the years 1956 through 1962 but was limited to the S&L's operating in Los Angeles County, chartered by the State of California. Regression analysis was the tool used to study the possible economies of scale.

It is concluded that the industry does not appear to show significant economies of scale beyond some relatively unimportant size-generated efficiencies. However, basic data used (as is noted) were not without limitations, and the conclusions are not beyond further investigation.

9. Forecasting

Economic Progress and the Utility Industry. Paul W. McCracken, Bureau of Business Research, The University of Michigan, 1964, 44 pp. [N.E.M.]

"This study is primarily concerned with the role of the public utility industry in the growth of the U. S. economy—though at the outset there is a brief discussion of the processes that have given us a growing economy generally. We can explore the role of the utilities in economic growth from two quite different directions. There is the impact of a growing economy on the industry itself. And there is also the contribution of the utility industry to the growth of the whole American economy."

10. Foreign Marketing

A Decade of Change. Tom Sutton, Reprint of talk given to Business Operations Seminar, School of Management, University of Liverpool (England), October 29, 1964, 24 pp. [W.S.P.]

The Managing Director of J. Walter Thompson Company Ltd., spoke to the seminar on trends in consumer marketing in the United Kingdom between 1954 and 1964. He considers four "power blocs" as being the forces behind the changes that have taken place. The four are: government, manufacturers and producers, retailers and distributors, and consumers. Each has brought considerable force to bear on marketing and the effects are discussed.

Should an International Firm Centralize Marketing Control? Marion Harper, Jr., *International Management*, January, 1965, pp. 37-40. [J.M.R.]

While recognizing arguments favoring both centralization and decentralization in the control of international marketing operations, the author proposes a working compromise: "central policies and local implementation, or central concepts and local articulation."

Jet travel and instant communications facilitate this distribution of responsibility; the European Common Market influences the development of a family resemblance in advertising, packaging, and sales promotion in different countries; the customary centralization of research and development and new product programs on the one hand and the necessity for launching new products at the local level on the other require that the circular flow of market data encompass both central conception and local articulation of advertising themes.

Trade Negotiations for A Better Free World Economy. June, 1964, 85 pp. [R.M.W.]

The principal recommendation in this report is that "the United States should seek in free world trade negotiations to obtain tariff reductions from its free world trade partners, in return for reciprocal United States reductions, coming as close as possible to cutting free world tariffs by 50 per cent across the board."

Exceptions from this rule, the committee said, should be "as few and as small as possible." It found little merit in the European Economic Community's insistence on departing from the general 50% rule to deal with disparities in tariff heights.

The committee's recommendations for general and substantial liberalization of trade fall under four main headings: tariff reductions; reduction of other barriers to trade in agricultural goods; abatement of non-tariff protection; and reduction of barriers to the trade of underdeveloped countries. But it regards its recommendations as a package forming "together a single recommendation for the liberalization of trade, across the board."

Obstacles to Trade between Developed and Developing Nations. G. Clark Thompson, Karen Kraus Bivens, and Francis J. Walsh, Jr., *Conference Board Record*, November, 1964, pp. 23-46. [H.W.F.]

A sense of urgency pervades the responses of 175 business leaders from 58 countries as they discuss barriers to trade due to (1) cultural, political, or physical disparities; (2) mercantilistic policies; and (3) lack of proper auspices. The views range from the broadly philosophical to specific local examples. In the mutual interest of world peace, the more developed

nations must contribute more than money. The less developed countries are admonished to promote internal economic strength and external cooperation.

Yugoslav Promise Needs Cultivation. *International Commerce*, December 7, 1964, pp. 2-23. [R.M.W.]

A U. S. trade mission recently visited Yugoslavia and found her well developed in comparison with some newer countries, less advanced than highly industrialized nations. Her stability and determination help bolster a potential for U. S. sales, according to the mission report.

Quotes from the mission members' reports include "Yugoslavia's new seven-year plan for continued industrialization should alert U. S. engineers to consider this progressive market"; "... a booming demand for housing and factory construction, hydroelectric plants, steam plants, roads and highways"; "an increasing market for domestic and imported products ... and for better packaging"; and "... excellent opportunities exist for the sale of laboratory and production test equipment."

Detailed information on sources of imports, market profile, further sources of information, and specific export opportunities are included.

Economic Development of Central America. Committee for Economic Development, November 1964, 123 pp. [R.M.W.]

Recommendations for improving the economic health of the five countries of the Central American Common Market—Costa Rica, Guatemala, Honduras, Nicaragua and El Salvador—are contained in this report.

CED undertook a three-year study of Central America because the region resembles other less developed areas in many ways, but at the same time possesses many "encouraging qualities which distinguish it from other areas, particularly in the scope and nature of self-help efforts to promote development."

The report points up four important areas in which the chief problems and opportunities for promoting Central American economic development appear to lie and makes recommendations about each. These are: education and research, agricultural progress, finance, and international trade.

The CED statement contains a short history of economic integration among the five countries studied, a summary of agrarian reform laws, and several statistical tables. It is published with English and Spanish texts on facing pages. It is available from CED, 711 Fifth Avenue, New York, N. Y. 10022, at \$1.25 a copy.

Global Corporate Identity Today and Tomorrow. J. J. McDevitt, Jr., *The International Advertiser*, November, 1964, pp. 9-11, 17 [O.P.A.]

The difference between national and global corporate identification is more than one of degree. Many problems make the global corporate identification problem different in kind. Of all these, the language barrier, with its implications for the names of companies, brands and products, is the most obvious as well as the most challenging.

The author, who is Senior Vice President of Lippincott & Margulies, a leading design firm, feels that companies with worldwide activities must establish a single international system of identity. Otherwise confused identities may create problems which will be difficult to resolve. Several case histories are included in the article.

"Artificial" vs. "Natural" Integration of Markets. Wilfried A. Hoellge, *International Trade Review*, November, 1964, pp. 22-23, 88-89. [O.P.A.]

The thesis of this article is that "natural" integration of markets, based on cultural and social environmental factors, may be more essential to successful international marketing than "artificial" integration, which is based on political and economic considerations.

The major artificial economic groupings today are the European Economic Community (Common Market) and the European Free Trade Area (EFTA). The same countries, considered by natural marketing groupings, would include the Germanic, Gallic, Latin, Anglic, Nordic, and Iberic areas. Several illustrations show that the historical association of countries by natural factors, which include geography, culture, language and climate, creates basic communities of interest which must be seriously considered by businessmen.

The author contends that these factors are too often ignored by businessmen whose first contacts with the European countries result from the potential benefits which are expected from "artificial" integration.

Australia Moves Ahead. Peter F. Kerr, *International Trade Review*, November, 1964, pp. 29-32, 72-74. [O.P.A.]

Australia is one of the world's fastest growing economies. It is one of the few developing countries in the world with a high standard of living, high technical skills, and a sophisticated broad-based consumer and industrial market.

In 1963 exports increased 30% over the previous year, the country received 84,000 immigrants, and the GNP grew by 9.5%. In addition \$502 million in foreign capital was invested during the first quarter of 1964.

The article highlights Australia's key economic factors and concludes that there are unique opportunities for profit for U. S. businessmen. Some 1,300 U. S. companies have already established manufacturing operations or marketing agreements in Australia.

How to Penetrate New Markets by Really Trying. *Business Abroad and Export Trade*, December 14, 1964, pp. 14-16. [O.P.A.]

After three years of "hard planning and staggering work," Steelcraft Mfg. Co., maker of metal doors and frames, established a successful manufacturing and sales operation in Canada—the first step in a long range expansion program in international markets.

The details of the planning and execution of this project make an interesting case history of how one company successfully broadened its markets by stepping outside its home boundaries.

Brazil's Northeast: the Other Side of the Coin. Stefan H. Robock, *Business Abroad and Export Trade*, November 16, 1964, pp. 26-28, 30-31. [O.P.A.]

Brazil once again is attracting U. S. private investment, thanks to our government's attempts to control inflation and to the removal of legal limitations on remittance of profits.

Although still very poor, Northeast Brazil has now become a major area of opportunity, and several U. S. firms have become active there in recent months. The region offers expanding markets, large supplies of raw material, and labor.

Other favorable factors include attractive special inducements, particularly in terms of financial assistance, and the fact that the U. S. foreign aid program is anxiously seeking projects to support in this area.

Demographic and economic data are included in the article.

The German Ice Cream Market. Special Report No. 2, *Marketing in Europe*, December, 1964, pp. 28-35. [W.S.P.]

From 1964's production of 3,790 tons, valued at \$2.9 million, output of ice cream in Germany has risen rapidly to 40,465 tons, valued at \$47.4 million. Part of the growth is attributed to the expansion of the distributive network, a happening that would be expected to be necessary with the rise in demand for a new product.

Manufacturers' market shares, capital requirements for production, seasonal fluctuations, prices, and packaging—all of these factors are discussed briefly. A few short paragraphs cover the matter of consumer preferences and future prospects.

Competition for the New Cunarder. Donald Maxwell, *Statist*, January 8, 1965, pp. 91-93. [U.M.S.]

Originally envisaged four years ago, the order for a replacement for the *Queen Mary* was not then given; and now a completely different, smaller, lighter, and cheaper ship, mainly for the Atlantic route, has been ordered. The prospects for her operation and the considerable competition from ships of other flags are discussed. Prestige alone is no longer enough to justify large investment of capital. Perhaps the transatlantic sea journey may one day be regarded as needing a ferry rather than a large mobile luxury hotel.

Where the Shoe Pinches. *Economist*, January 16, 1965, pp. 236-237. [U.M.S.]

A quick look at the changes in British shoe manufacturing and retailing underlines the plight of the small operator, who is handicapped by not having a well-known brand and by having scant resistance to competition from the giants. Surprisingly many have been able to survive.

World Trade Outlook. *International Commerce*, January 18, 1965, pp. 1-59 [R.M.W.]

Current economic conditions and the outlook for U. S. trade in the majority of countries with which U. S. firms do business are summarized. The reports, written by country desk officers in the Office of International Regional Economics of the Bureau of International Commerce are based on up-to-the-minute reports from U. S. Foreign Service posts, international economic organizations, banks, and other sources.

Accompanying most of the articles are data showing the value of each country's total imports and exports, and U. S. share of this trade, from January 1964 through the latest month for which that country's statistics are available.

In summary, 1964 exports advanced to some \$25.1 billion, a 13% gain over 1963. Three-fourths of the increase was in industrial goods. The trade surplus was \$6.5 billion, up 25%, highest since 1947.

The Belgian Confectionery Market. Special Report No. 1, *Marketing in Europe*, January, 1965, pp. 16-21. [W.S.P.]

In 1963 the confectionery market in Belgium and Luxembourg reached over 83 thousand tons, most of which was in the form of chocolate confections. Some signs of rise are seen in the data for the first half of last year.

This *Special Report* presents a summary of the manu-

facturers, the distribution of confectionery items, and the price and margins information. Briefly touched on are the aspects of packaging, promotion, and the outlook.

Copies of the issue may be obtained from the Economist Intelligence Unit in New York at the address given in earlier reviews of such special reports.

The Belgian Market. *Contimart Report No. 23*, 1964, iv + 112 pp. [W.S.P.]

This comprehensive summary of the Belgian market has been published by Contimart Ltd., an international marketing and research organization of London, England. It gives detailed chapters on population with forecasts to 1985; the economy in total and by major sectors including external trade (exports); economic and social policies with the governmental economic growth plan summarized; consumer incomes and expenditures for major items; the structure of the distributive activities in Belgium; a rundown on the advertising business and practices there; and a brief mention of the taxation policies that would affect the establishing of a new business in Belgium.

Statistical data come from usual published sources and are presented in considerable detail to support the well-restrained text. It is a most useful document for giving a swift and complete summary of the Belgian market.

No price is given in the document. Inquiries should be addressed to the firm at 8 Gate Street, Lincoln's Inn Fields, London W. C. 2, England. On request, the company will supply a listing of its other similar published reports.

The World's Newest Mass Market. James C. Abegglen and R. Douglas Norby, *The McKinsey Quarterly*, Winter, 1965, pp. 42-52. [W.S.P.]

In this second article about Japan, the authors conclude their review of the problems facing an American or other foreign company entering the Japanese market. The first article, "Changing Japan," appeared in the *Quarterly* issue for Fall, 1964.

Consumption levels in Japan compare favorably with those of Western Europe; wages and incomes are rising rapidly; and demand for consumer products is climbing. An opportunity for American marketers is clearly there. But capitalizing on the opportunities presents some problems that are strictly Japanese and can be best handled within the framework of understanding them beforehand.

Differences in buying habits and differences in the distributive network are discussed. For food and synthetic textiles, a diagram of the flows and the usual margins at each step in the chains is presented. Another diagram shows the system used by Shiseido Company Limited in its marketing of toiletries and cosmetics. It is noted that the "ryutsu kakumei"—the distribution revolution—has not yet attained revolutionary momentum and that forecasts made by Japanese as to the speed of the changes are too optimistic.

While the *Quarterly* is published as a house organ for McKinsey personnel, requests for this issue may be honored. Address the nearest office of McKinsey and Company, Inc.

The Fiscal Role of the Marketing Boards in Nigerian Economic Development. Gerald K. Helleiner, *The Economic Journal*, September, 1964, pp. 582-610. [G.F.]

This paper discusses the experience of the Nigerian

Marketing Boards with respect to accumulation and disposal of vast trading surpluses and considers objections to the use of Marketing Boards as revenue collectors for government development programs.

Nigeria's Marketing Boards are statutory monopolies handling Nigeria's major exports of cocoa, oil palm produce, peanuts, and cotton.

Is the earning of trading surpluses the optimal means of financing Government revenues? An export duty on these crops reduces their supply only in the long run, but puts their producers under double taxation in the short run. Originally the marketing boards earned surpluses to stabilize domestic agricultural prices, but now they serve as collectors of a portion of farmers' taxes. However, the use of capital for research, road building, and manufacturing have been beneficial to economic development in Nigeria. There are many lessons for students of international development in the history of Nigerian Marketing Boards.

11. Governmental Relationships to Marketing

New Weapons Against Bigness. Sumner Marcus, *Harvard Business Review*, January-February, 1965, pp. 100-109. [R.K.]

While the courts have said that bigness, per se, is not illegal, the author concludes that there is an increasing tendency of the judiciary to take into account the size of the defendant in arriving at judgments under the antitrust laws. Cases are used to illustrate actions taken by the courts to (1) devise controls for big business which are not made applicable to smaller firms, (2) discourage or prohibit further growth of existing businesses, and (3) whittle large firms down to size. Recent interpretations are stressed.

The Protection of the Consumer Under Modern Sales Law. Friedricla Kessler, *The Yale Law Journal*, December, 1964, pp. 262-285. [J.H.W.]

In the last decade the law both of contracts and of torts has expanded in the protection of the consumer. Just as the manufacturer-marketer reaches over his intermediaries to influence the consumer, the law and the courts increasingly permit the allegedly aggrieved consumer to reach the producer of a product. The producer is increasingly being held liable on implied warranty of the fitness of his product for the purposes for which he markets it, including that it will accomplish the appropriate purposes of a buyer. Negligence or fraud by the marketer does not need to be proved.

What Every Jobber Should Know About the Uniform Commercial Code. Harold F. Lusk and Charles M. Hewitt, Bureau of Business Research, Indiana University, 1964, 29 pp. [N.E.M.]

The authors have investigated the Uniform Sales Act and the newer Uniform Commercial Code set up in 1953. Since 1953 the number of states which have adopted the new code has grown to 28 plus the District of Columbia.

Through the use of well-written and well-documented case studies, Professors Lusk and Hewitt have examined "... some important Code changes made in the law pertaining to sales ... followed by a discussion of changes in the area of security transactions. Both areas are of vital concern to jobbers." Generally the

authors have accomplished precisely what they have set out to do—inform jobbers of the important changes made in the laws concerning them.

Antitrust Suit in Tucson May Test Agency Legality. *Editor and Publisher*, January 9, 1965, pp. 10-11. [J.L.G.]

Since 1940 the *Arizona Daily Star* and the *Tucson Citizen* have been partners in Tucson Newspapers, Inc. At the same time, the papers maintained separate news operations and editorial policies. The TNI handled advertising, sales, circulation, distribution, and production of the two newspapers in Tucson on a 50-50 basis.

Recently the owners of the *Citizen* attempted to buy the *Star*. Attorney General Nicholas Katzenbach charged in an antitrust suit filed in Tucson that such a sale "may be substantially to lessen competition or to tend to create a monopoly in violation of the Clayton Act."

The industry has always felt that a joint agency and plant arrangement produced safeguards for continuing competition is news and editorials. Furthermore, many "second" papers have been able to exist because they had available larger papers with whom to share the economic burdens.

With the combining of the *Star* and *Citizen*, there remain 55 cities in the United States where two or more newspapers have separate ownership. Of these cities there are 19 in which the competing papers operate within an agency structure. In all of the agency plans state authorities have by implication indicated that they do not violate anti-monopoly laws. The suit by the Attorney General makes questionable such arrangements and has implications far beyond the immediate controversy.

12. History and Trends

What's New in Marketing. *Sales Management*, November 10, 1964, pp. 11-16, 108-161. [J.S.W.]

Fifty marketing executives from some of America's leading business firms tell what is new in their specific marketing situations. These short essays are grouped under the following major categories: marketing strategy; organization; management; manpower; market development; sales strategy; product strategy; marketing research; advertising; and packaging. There is a wealth of interesting and informative material packed into these pages.

Chain Construction, Modernization Expenditures to Rise 8.1% in 1965. S. O. Kaylin, *Chain Store Age*, January, 1965, pp. E16-E17. [R.J.M.]

Chain store expenditures for construction and modernization will increase 8.1% in 1965, amounting to \$2,165,700. Discount store construction expenditures will increase moderately (up 5.5%) in 1965. Supermarkets organizations, while maintaining about the same level of expenditures in 1964 as in 1963, are expected to increase outlays for plant and equipment by 14.5% in 1965.

This article shows in tabular form the results of the survey regarding 1965 expenditures for supermarkets, variety stores, drug, discount, and general merchandise department stores in comparison with 1963 and 1964 figures.

13. Industrial Marketing

The Rise of the Trade Relations Director. Velma Adams, *Dun's Review and Modern Industry*, December, 1964, pp. 35-36 ff. [F.A.B.]

Functioning under various titles, a new type of executive is growing in importance in industrial firms. His chief role is administering the age-old problem of reciprocity, but the task is more complex than simply insuring that purchases are made from customers, or that suppliers buy the firm's products, "all other things being equal."

The complexity is illustrated by firms which operate many decentralized divisions. The trade relations director serves as an arbiter of disputes between divisions, or between salesmen and purchasing agents. He notifies suppliers about products available from his firm, and in turn helps them improve sales contacts within his own organization. He assists salesmen in his own firm in making contacts with potential customers; but to force reciprocity, but to facilitate commercial relations.

The new emphasis is one of protecting the long-run interests of the firm by assigning trade relations to a staff officer who can administer it objectively.

What is your Company's Image? Aubrey Wilson, *The Manager*, November, 1964, pp. 40-41. [U.M.S.]

The subject of company image, normally confined to consumer impressions of a corporation, is here extended to cover the image of a company as viewed by members of other companies with whom it has or may have dealings. Reference is made to the "current," "mirror" and "wish" images and each of these is related to images of the products themselves, and that of the whole company, both in a national and an international setting.

Big Steel Wants a Bigger Share. John McDonald, *Fortune*, January, 1965, pp. 165 ff. [H.W.F.]

U. S. Steel is set to reverse the long slide in its sales share (from 65% to 25% of the market). Restructuring management, replacing production facilities, revising its product line, and rethinking its role, the giant has launched a marketing program with 40 subplans to take the offense against competing materials.

The Paint Makers. David M. Kiefer, *Chemical & Engineering News*, February 1 and February 8, 1965, pp. 86-96; and pp. 80-92 [W.S.P.]

This special report covers the amazing paint industry in the United States. With sales of an estimated \$2 billion last year, and with expected growth of \$2.4-\$2.5 billion by 1970, this is an important industry. But its problems seem ever-increasingly complex, especially in the area of marketing. Sales of paint classified as "trade sales" still dominate the dollar volumes. In 1964 close to \$1,170 of the total came from such sales. These cover the off-the-shelf sales to private consumers as well as local painters and contractors. The other group covers industrial account sales.

Product differentiation and service are the objectives and the means that the industry is using to gain its ends. The rise of the discount outlets as retailers of paints is noted and the trend of some of the larger firms toward owned and operated outlets handling their own brands is reviewed.

Some case history data are given on some of the marketing methods used successfully, and costs and

operating profits are given for some retailers. The two parts bound together as a special report are available from Reprint Department, ACS Publications, 1155 Sixteenth Street N.W., Washington, D. C. 20036, for 75 cents.

14. Marketing Education

New Report Card on the Business Schools. Robert Sheehan, *Fortune*, December, 1964, pp. 148-50, 206. [H.W.F.]

On the premise that the making of managerial decisions in a world of change is the heart of professional management, a revolution is sweeping American business schools. The descriptive approach of portraying what business operations seem to be like and the methods approach of telling how to do certain techniques are being supplanted by conceptual courses in a multidisciplinary setting. The intent is to foster analytical skills. The major schools view their role as explorers and missionaries on the frontiers of knowledge.

Teachers' Programs Reaching Students. Patrick Kennedy, *Editor and Publisher*, January 16, 1965, pp. 51-52. [J.L.G.]

In 1959 the Newspaper Fund, financed by the *Wall Street Journal*, began a program to encourage high school students to seek careers in journalism. Mr. Kennedy, for his Master's Thesis at the Pennsylvania State University Graduate School of Journalism, made a study of the effect of the Fund's program.

Five hundred questionnaires were sent to high school newspaper editors and reporters. All were the students of Newspaper Fund Fellows, teachers who have spent one summer since 1959 on a fellowship studying scholastic and professional journalism. There were 384, or 77%, returns.

This article reports the results of the study and indicates the program is achieving its goals. The importance of a teacher with some training in journalism is revealed by the research. Students who have been exposed to strong journalism programs in their schools and who are led by capable, interested teachers are more likely to view journalism favorably as a career. Notwithstanding, Mr. French points out that "talent shortage in journalism is far from over."

The Making of a Marketing Man. Donald R. G. Cowan, *Michigan Business Review*, March, 1965, pp. 5-9 [F.A.B.]

Writing from the vantage point of 50 years of marketing study, Professor Cowan is impressed with the progress made in marketing, but dismayed by its unfavorable image in the eyes of prospective marketing students.

A recent survey of attitudes of university students toward careers showed business to be at the bottom of the list of favored vocations. More disturbing, although half of the students were from business families, there was not one instance of parental encouragement to study business.

Chief objections to business careers were their lack of intellectual challenge, creativity, and opportunity to help others; and the competition among individuals.

It is contended in rebuttal that business offers challenges to imagination and innovation equal to those which motivate creative men in other fields; and that there are ample opportunities for human service.

Alternatives to Laissez Faire. Peter Broomfield, *WPN and Advertisers' Review*, January 15, 1965, p. 32. [U.M.S.]

The Assistant General Secretary of the Advertising Association discusses the state of training for advertising and marketing in Britain and concludes that, although the current position is not satisfactory, a number of schemes make the future appear both promising and profitable.

15. Marketing Management

Corporate Control and Capitalism. S. Peterson, *Quarterly Journal of Economics*, February, 1965, pp. 1-24. [D.F.D.]

This is the first of three articles in a symposium concerned with changes in the economic system brought about by the growth of the corporate form of organization. This article, while defending the traditional position of economic theory, also provides an excellent review of recent literature on the "new capitalism."

Especially worthwhile is a section reviewing the goals of the corporation. It is argued that the profit margin is too slim to permit managers much leeway in pursuing non-profit objectives in the operating sphere—using resources and selling products. However, in the distributive sphere—allocating earnings which have accrued—management has greater latitude.

A discussion of the corporate conscience contains a simple test of social interest. Since the good individual citizen obeys the law, "the first badge of corporate citizenship might well be earned here." In view of the concern of social critics over our society's moral fiber, an important contribution of business lies in this area because the hold of business on the public mind is strong.

The Impact of the Corporation on Classical Economic Theory. A. A. Berle, *Quarterly Journal of Economics*, February, 1965, pp. 25-40. [D.F.D.]

This is the first of two critiques on Peterson's article (see preceding review), and contains additional comments on decision making goals within the corporation.

Decision making has long since shifted from the owner who manages to the professional corporate administrators. This has not been changed by stock ownership by management. "Rare indeed is the corporate administrator who decides a corporate problem differently because he has ownership of or option to buy a block of his company's shares."

Profit maximization in a giant corporation means action different from that in a small firm. The former views itself as perpetual, and planning horizons range from five to twenty years. Thus immediate profit will be sacrificed for long range market position.

Size also extends business decisions from the sphere of economics into social and political areas. An individual trader may think only of himself, but a manager whose stockholders and customers run into millions must think in other terms.

Public opinion no longer tolerates results from purely competitive processes; often stability and full employment are preferred to price advantages. Therefore, the state is always an actual or potential factor in corporate decision making.

Another View of Corporate Capitalism. C. Kaysen, *Quarterly Journal of Economics*, February, 1965, pp. 41-51. [D.F.D.]

This second critique of Peterson's article (see reviews

above) contains additional views of the nature of decision making and constraints operating upon the corporate manager.

The profit variable is a distribution of possible streams of profit, and this distribution is not invariant over time. Moreover, each firm may maximize a different profit function. There is no clear empirical evidence concerning the profit goal. However, the relevance of other considerations is suggested by the infrequency with which large firms divest themselves of old operations even though the rate of return is below that of newly discovered alternative uses of funds.

There are two aspects of the question of whether stockholder pressure pushes the manager to act in the stockholder's interest. (1) Can the stockholder judge whether management decisions are in the former's interest? The answer is clearly no, for even a large stockholder sitting on the board must accept the analysis of choices made by operating executives.

(2) Are the workings of capital markets such that managers must try to earn as much as they can, and distribute this to stockholders? Stock prices do reflect earnings and dividends, and no manager can be indifferent to the firm's stock prices. But the stock market is imperfect and segmented, and thus the capital constraint is not as narrow as a "perfect" capital market model would suggest.

ROI For New-Product Policy. Philip A. Scheuble, Jr., *Harvard Business Review*, November-December, 1964, pp. 110-120 [R.K.]

The concept of return on investment can be a unifying force in bringing together the views of engineers, marketers, top management and other officials involved in product planning. Scheuble provides an approach for facilitating the rapid examination of costs related to product innovation.

A new product requires two major efforts, each with a different type of cost: (1) development and market introduction and (2) sustained selling and manufacturing effort. The former should be considered as program investment costs. Prospective income must be related to the program investment in establishing a target direct cost. A nomograph provides the means for quick calculation of various possible worth, investment, and amortization factors. Target list prices; standard organization costs (sustained selling and manufacturing costs); program income, investment amortization, and ROI; and standard net profits are used to establish target direct costs.

Return on investment, profit, and other guidelines help to rank product programs in importance. While these measures are not absolute values because they are the result of arbitrary accounting classifications, they are rational relationships. Involved accounting analysis is needed to determine return on investment relationships and the difference between organization and program investment costs, but these concepts are valuable tools of analysis in providing management with a clearer view of the effectiveness of new product programs.

Organizing for Product Innovation. Jay W. Lorsh and Paul R. Lawrence, *Harvard Business Review*, January-February, 1965, pp. 109-122 [R.K.]

A pilot study of two plastics companies leads to the view that successful product innovation requires specialists in research, sales, and production. Their specialties, however, make difficult the task of coordination since each group tends to develop patterns of departmental structure and orientations toward time, others,

and environment that best facilitate its own specialized effort.

Coordination in the two companies was achieved through coordinating departments and through cross functional groups (teams or committees). These coordinating arrangements are most effective when the members have balanced views enabling them to work effectively among the specialists and when committee members have learned to fight constructively. Committee members must have the authority to make decisions and must not be too high up in the management structure.

A Neglected Approach to Ethical Business Behavior.

Robert C. Brooks, Jr., *Journal of Business*, April, 1964, pp. 192-194. [J.M.R.]

Where a firm has grown so large that the social benefit envisaged by Adam Smith and his "invisible hand" cannot be achieved, the author proposes voluntary divestiture for the businessman with a strong social consciousness. Alternatives are government regulation or the humanly impossible task of applying ethical measures to the myriad decisions a manager must make.

Ensuring Ethical Conduct in Business. Sorrell M.

Mathes and G. Clark Thompson, *Conference Board Record*, December, 1964, pp. 17-27. [H.W.F.]

Many of 186 responding manufacturers have communicated (but not in writing) to their employees the importance of impeccable behavior on the job. Considerable attention is paid to conflicts of interest, business gifts and entertainment, and compliance with anti-trust laws. The single most important determinant of employee ethics, manufacturers report, is the moral tone of a corporation as set by the actions of the top executives.

Perceptive Feedback. Joseph B. Bonney, Jr., *Data Processing*, August, 1964, pp. 11-15. [W.S.P.]

The author's thesis is that the owner or manager of a small business can depend far less on memos, reports, and records for the basis of making decisions than can the owner or manager in a large business. In the large firm a manager can rarely rely on personal observation as a major source of guiding information. A management information system is outlined to supply the needs of management in large firms.

Qualities essential in the reports on which managers must increasingly rely in big firms are suggested. These include many of the conventional requirements of reports, such as that they must be directed to the needs of the level of management to which they are to go, and that they must be timely and accurate. A useful diagrammatical representation of the management information system is given.

Marketing's New Breed: The Industry Switchers. A. J. Vogl, *Sales Management*, November 20, 1964, pp. 25-28. [J.S.W.]

The burden of this article is that marketing professionals do exist today. These men, through their sophistication in marketing skills, can move from executive positions in one industry to another quite different industry. One survey, for example, reveals that 19% of the executives placed by one agency came from entirely different fields of business. Of course, a majority—in this case 55%—of the executives had directly similar backgrounds, often with a

competitor in the field. The article has several examples of industry switchers.

The Why What How of Marketing Intelligence. Philip A. Seitz, *Western Advertising*, December, 1964, pp. 11-13. [J.S.W.]

The reasons why marketing information is in demand today are listed, as well as the kind of information desired. The process of organizing marketing intelligence is discussed; common information resources are enumerated. Market-share information is given special attention. Ethical considerations are taken into account.

In the Kitchen: New Recipe Spurs Quick Sales of Cookware. Henry Flarsheim, *Sales Management*, December 4, 1964, pp. 37-40. [J.S.W.]

We are accustomed to reading of new product successes and the outstanding flops that are to be found in the marketing literature. Here we have a unique case study, for it tells of the conversion of a failure into a success. The product: Teflon, a DuPont coating for cookware.

The initial appeal—"greaseless cooking"—was found to interest only about 10% of the buying public. Moreover, the coating was applied haphazardly by many cookware manufacturers. The new marketing program stressed the easy-to-clean convenience feature, along with a quality control through minimum standards for manufacturers using the coating. It is projected that 40 million Teflon-coated consumer utensils will be produced in 1965, tapping a significant share of the 180 million unit market for cookware. Intelligently and quickly tackled, marketing problems can be solved when a fundamentally sound product is involved.

Union Carbide: Marketer on the Move. James G. Plunkett, A. J. Vogl, and Phyllis Daignault, *Sales Management*, November 10, 1964, pp. 21-66. [J.S.W.]

One of the world's largest and most successful business enterprises is given an "in-depth" study. Once thought of being distinctly fixed in its ways and oriented to producing rather than selling things, Union Carbide has been changing its ways. This article traces the steps taken by means of an examination of such matters as structures and strategies, forward integration policies, and advertising and sales promotion. Packaged together in one complete article are literally hundreds of smaller stories.

The Plastic Foam Industry. Predicasts Specialized Study No. 39, December 18, 1964, 26 pp. [W.S.P.]

Following a brief summary review of plastic foams in general, this report analyzes the historical and projected 1970 markets for the major plastic foams. The polyurethanes, polystyrenes, vinyls, polyolefins, epoxies, and the catchall "miscellaneous" categories are analyzed rather thoroughly.

Comparative economics are presented for the principal uses, adding significantly to the values of the report. The projections of the likely price structures provide some perspective on the future trends in consumption and supply given in the report.

Three appendixes are supplied to give pertinent data on the large-size companies in the field and the small and medium-size firms. The third appendix is a trade journal bibliography of apparent value to the market researcher.

Copies of the study are \$100 each from Economic Index & Surveys, Inc., Colonnade Building, University Circle, Cleveland, Ohio 44106.

An Approach to the Analysis of Intraurban Location.

T. R. Lakshmanan, *Economic Geography*, October, 1964, pp. 348-370. [W.P.]

The article describes the models used in recent transportation studies in Baltimore, Maryland to project the micro-spatial organization of urban land uses. Land users are disaggregated into "homogeneous locational decision-making groups" whose spatial preferences are estimated as a function of area characteristics through multiple regression.

Nine dependent variables specify the different activities of the decision-making groups (that is, retail employment, service employment, manufacturing employment, etc.); and 18 independent variables include policy variables (related to zoning, sewer and water service, etc.), accessibility to places of work, residence, and commerce, and status variables (current levels of population and activity within sub-areas).

Separate specific models were found applicable to the growth processes in the center city and areas in the surrounding counties. The most significant literature in the field is cited in ample footnotes.

Valuing Non-Market Priced Recreation Resources. E. Boyd Wennergren, *Land Economics*, August, 1964, pp. 303-314. [W.P.]

The author argues (with Marion Clawson) that proper analysis of consumer expenditures can yield "statements of value . . . eventually equivalent to those normally developed for market priced commodities." The apparatus for measuring aggregate demand for a recreational service at alternative recreation locations, as well as the aggregate demand originating from users residing in a given area is indicated. The value of the resource, as opposed to the service, is equated with the consumer surplus captured by the users. The methods appear applicable to a number of "non-price" valuation problems in marketing.

Business Income and Investment. *Federal Reserve Bulletin*, December, 1964, pp. 1513-1519. [G.F.]

Business outlays for plant and equipment have increased sharply in 1964 and are expected to climb in 1965. Why?

Plant and equipment outlays tend to respond slowly to cyclical upturns in general economic activity. This is due in part to the time required to implement a spending decision, in part to the delay in decisions to buy until a combination of factors becomes strong enough to stimulate a general upward adjustment in business spending plans.

Outlays to expand manufacturing capacity in recent years have been based on realistic appraisals of profitability trends. In the long expansion period since 1961, increases in output and in new orders have pressed against capacity less quickly than in some earlier periods.

Capacity utilization, profitability, and availability of funds are considerations that explain why business plans for investment are expected to climb further this year.

Management Science and Management Technology. The Institute of Management Sciences. [F.M.N.]

The publication activities and plans of The Institute of Management Sciences (TIMS) are undergoing a period of rapid change. The Council of TIMS recently decided to combine all TIMS periodicals

under one name, *Management Science*, but with three series, a Science series, a Managerial series, and the *Bulletin*. The combined journal will be published every month.

The Science part, Series A, will appear in odd numbered months. It will continue the publication policy of the present *Management Science*, namely, to publish research findings in the management sciences as well as philosophical papers dealing with the meaningfulness of the research effort.

The Managerial part, Series B, will appear in the same issue with the *Bulletin*, Series C, and will also be published in even numbered months. Series B will continue the publication policies of *Management Technology*, namely, to publish papers dealing with the managerial approach to the management sciences. The special emphasis here is on the discussion of empirical results in attempts to apply management science, as well as managerial attitudes and policies with respect to the management sciences. More generally, this series may also include papers on the problems of the planning and managing of scientific endeavor of any kind. This, it is hoped, will encourage managers interested in using science in the performance of the managerial functions.

Series C, *The Bulletin*, will continue to publish information about the Institute, its meetings, Council decisions, membership news, etc., as well as papers delivered at luncheons or dinners of the meetings.

The American Textile Industry—Competition, Structure, Facilities, Costs. L. D. Howell, *Economics Report No. 58*, Marketing Economics Division, Economics Research Service, USDA, 1964, 146 pp. [A.F.W.]

The author first deals with competition and market outlets for American cotton and wool in relation to their foreign-grown counterparts, as well as with manmade fibers; then outlines prospects and related problems involved in making improvements. Marketing channels for cotton and wool, their distribution among end products, and proportion of the consumer's dollar for finished clothing and household textiles accounted for by the principal services and agencies are indicated.

Two sections deal with methods and practices, services and charges, and means and importance of improving the marketing of raw cotton and wool. The size and organization of the operating units, manufacturing methods and practices, machinery and equipment, charges or costs involved, and means and importance of improvement in the following areas as discussed: yarn and thread manufacturing; cotton fabric, wool products, manmade fiber, and silk products manufacturing; knit goods and fabricated products manufacturing; and dyeing and finishing. Also dealt with are the methods and practices, charges or costs involved, and means and importance of improving the wholesale and retail distribution of textile products.

This report extends and updates these U.S. Department of Agriculture Technical Bulletins, which are now out of print: #891 "Marketing and Manufacturing Margins for Textiles" (1945), #1062 "Marketing and Manufacturing Services and Margins," (1952) and #1210 "Changes in American Textile Industry—Competition, Structure, Facilities, Costs." (1959).

Non-Financial Controls in Smaller Enterprises. Dale Henning and James S. Garrison, Bureau of Business Research, University of Washington, 1964, 220 pp. [N.E.M.]

"Our research was undertaken to discover the extent to which smaller business enterprises exercise conscious

control over their operations, how these activities are controlled, and who within the organization exercises these controls."

In effect the study deals with the positive rather than normative aspects of small business control. To achieve these ends, the authors divided their work into three segments: a literature search; a field study involving questionnaires; and detailed interviews with practicing executives.

On the basis of a plethora of statistical tables and analyses, conclusions were reached which are valuable to the management of any small business organization, and could easily be manipulated to become applicable to marketing management generally.

16. Merchandising

Packaging: Profit and Performance. *Dun's Review and Modern Industry*, December, 1964, Special Supplement, pp. 89-140. [F.A.B.]

This is a seventh annual report on trends in packaging and their important role in marketing. Illustrative of changes, 80% of motor oil cans are now made from aluminum, and plastic milk bottles are offering a challenge to paper cartons.

Scope of the report is indicated by titles of the articles: "War for the Packaging Dollar" (battle between materials); "Industrial: The Key Word is 'Merchandising'"; "Manna for Marketing Men"; "Persuading the Consumer to Buy More"; and "That Critical One-Fifth of a Second" (the package on the supermarket shelf).

A number of new practices and brief case histories are presented.

The March of Packaging. Mariette Marvin, *Marketing*, January, 1965, pp. 14-19. [U.M.S.]

A brief survey of the British packaging scene, which makes passing reference to the lessons which have still to be absorbed from the United States, deals with some types of goods now pre-packed as well as the various packaging materials and their development.

National Study: Non Food Sales in High Gear. *Super Market Merchandising*, January, 1965, pp. 70-78. [R.J.M.]

This recent study, based upon returns from 24 chains controlling 2,230 super markets and 16 wholesalers supplying 3,526 stores, reveals that nonfoods are still sparking supermarket sales throughout the country. This study treats most of the merchandising questions regarding nonfood sales in a readily digestible and comprehensive manner. Among several of the more interesting findings are:

- 1) Nonfoods account for 6.8% of total sales of chain supermarkets.
- 2) Close to half of chains and wholesalers report declining margins in nonfoods.
- 3) The majority of both chains and wholesalers report that the number of nonfood items is increasing.
- 4) There is a decided trend among chain supermarkets to develop private labels in nonfoods.

1965 Statistical Report: How to Keep Up with the Changing Times. D. Murray, C. Tosi, J. Lyons and B. O'Shaughnessy, *Merchandising Week*, January 25, 1965, pp. 17-99. [w.g.]

This statistical and economic review of the appliance industry includes an array of market studies.

Data on the changing product mix of the industry (covering 70 merchandise lines) are given for the 1955-1964 decade.

In addition, market saturation is estimated for 24 categories of electric appliances as of 1965. Separate sections interpret recent changes in buying patterns for housewares, home electronics, and major appliances. Figures are presented on the shifting balances of foreign suppliers of transistor radios and of exports of major appliances from the United States. The changing patterns of the consumer markets for appliances are given also. Finally, data are presented on the increasingly important replacement-part and trade-in markets.

Ouch! Those Damages. *Super Market Merchandising*, February, 1965, pp. 46-48. [R.J.M.]

This article reports the findings of a recent study that there are approximately ten causes for the majority of merchandise losses. Breakage and damage are estimated to have cost the food industry \$22 million a year. Losses of this magnitude are cause for concern, especially when the losses are considered unnecessary and largely avoidable.

The following are the major reasons for instore damage of items:

- Carton damaged by cutting during opening process.
- Poor stacking arrangements on shelf.
- Backroom damage.
- Shopping cart damage.

Once the reason for damage and breakage is discovered the prescription for cure becomes more evident. The basic cures lie in employee training in the elementary categories of opening and displaying merchandise effectively.

Trading Stamps in Hawaii. Ethel C. Chong, University of Hawaii, January 9, 1964, 28 pp. [N.E.M.]

Trading stamps are investigated from their history through their present and into the future. Many important facets of trading stamps are considered, but seldom in the depth necessary for the reader to gain an insight.

For readers interested in the Hawaiian market, the study presents a few subjective conclusions. However, these findings are generally unsupported or supported only in part.

Head-On Collision. *Merchandising Week*, March 8, 1965, pp. 1-2. [w.g.]

An example of "the battle of the brands" between the major manufacturer and the giant retailer appears to be reaching a crucial stage. Sears Roebuck is reputed to have 40%-50% of home laundry sales in the Cleveland market. It has become apparent that independents who retail manufacturers' brands must be provided with adequate ammunition if the market position of manufacturers' labels is to be maintained or improved. General Electric is challenging Sears's dominance, by utilizing factory-owned retail outlets to experiment with specially priced merchandise and strong promotional campaigns specifically aimed against Sears's main strength in the electric appliance market, that is, its home laundry equipment.

17. Pricing and Price Policies

Sense and Sensitivity in Pricing. Richard T. Sampson, *Harvard Business Review*, November-December, 1964, pp. 99-105. [R.K.]

Price differentials often do not secure the response

that management expects. Sampson argues that this calls for a revision of thinking regarding price-market share relationships. Demand is seen to be distributed regularly and continuously over the range of prices, rather than being concentrated at certain points such as price floors, lowest competitor's price, market average, etc.

Many factors operate to "desensitize" the influence of price. Sampson identifies some as consumer behavior, point-of-sale variations, local influences, and product characteristics. The author contends that his model "argues that moving up from a low price position is perhaps safer than we thought. But it also tends to confirm traditional arguments for increasing revenue by cutting high-level prices."

Price Sensitivity of the Consumer. André Gabor and C. W. J. Granger, *Journal of Advertising Research*, December, 1964, pp. 40-44. [T.F.S.]

Several traditional assumptions made about prices are examined by the authors. It is suggested that a better understanding of the actual structure of prices in the market place would enhance the effectiveness of expensive advertising campaigns.

Moreover, the authors explore the question of constant elasticity of demand and the belief that consumers are price-sensitive at critical points. The authors contend that price sensitivity varies across various products and with the dominant price policy in the market.

A Note on the Relationship of Price and Imputed Quality. D. S. Tull, R. A. Boring, and M. H. Gonsior, *Journal of Business*, April, 1964, pp. 186-191. [J.M.R.]

In view of the uncertainties associated with quality determination of products by ultimate consumers, the authors' research indicates that they judge quality in part by the level of the price.

A judgment sample of 110 was asked to select from a list of 20 consumer goods those two classes whose brands were deemed essentially similar, or to vary substantially. Brands of table salt and aspirin were considered most similar and brands of floor wax and liquid shampoo least similar. Results of an ingeniously devised shopping simulation making use of a low, medium, and high reference price led the authors to conclude that consumers do rely on price as a predictor of quality when uncertainty prevails in purchasing. Behavior classified by age and sex showed negligible differences; those with lower educational attainments tended to favor the median price, particularly for the two products whose brands were considered to vary substantially.

Oligopoly Theory and Retail Food Pricing. William J. Baumol, Richard E. Quandt, and Harold T. Shapiro, *Journal of Business*, October, 1964, pp. 346-363. [J.M.R.]

The authors attempted empirical tests of theoretical oligopoly models through an analysis of weekly newspaper advertisements by the four leading food chains in Philadelphia. Attention was directed to competitive interdependence in the pricing and advertising sectors.

Several oligopoly models of varying levels of sophistication are described. Pricing hypotheses are proposed: a) an item is more likely to be advertised when its price is falling than when its price is rising or constant; b) the optimal price charged by the i th firm is a function of the prices being charged by all other firms; and c) firms that respond positively to competi-

tors' prices tend to have a low score in the exercise of price leadership. Regarding advertising, it is hypothesized that competitive reaction might be imitative, diversificatory, or random.

Results of the tests are not conclusive, and the authors make no generalizations. Their major contribution is the creation of a new approach to the understanding of oligopolistic behavior.

On The Judging of Mince Pies. Donald J. Fennelly, *Harvard Business Review*, November-December, 1964, pp. 77-86. [R.K.]

Fennelly suggests that much of the problem of cost justification in price discrimination cases arises from the lack of ground rules regarding the nature and allocation of costs. This is due, in part, to a difference of viewpoint among the FTC, lawyers, and businessmen. Furthermore, most proceedings are built upon "post-complaint" justifications and argument.

Several suggestions are made from an accountant's viewpoint. (1) The cost defense should be available only to those who have determined cost savings *before* being called upon to submit a defense. (2) Price schedules should include a statement indicating the schedule is based on cost differences or that "this price, below the company's regular price, is granted to meet the price offered by a competitor." (3) Guidelines should be established by the accounting staff of the FTC after consultation on matters of principle with the American Institute of Certified Public Accountants. (4) The FTC and the antitrust bar should agree "that if a company has made a good-faith determination of cost differences when setting its prices, and if an independent certified public accountant has examined that determination and expressed his opinion on the cost differences and the related price differences (in terms of the rules of the game set forth in the 'Guidelines'), then, after review by the accounting staff of the FTC, such determination would be accepted as conclusive."

Effects of Price Specials on Volume of Sales of Frying Chickens. Leo R. Gray, *Agriculture Economic Research*, July, 1964, pp. 72-76. [A.F.W.]

This report is designed to estimate the effects of price specials on aggregate weekly fryer volumes and to predict aggregate weekly volumes for all retailers in a market area. The model involves the use of lagged, shift dummy, and slope dummy variables. It is expressed as: $V_t = A_0 + b_1 P_t + b_2 (V_{t-1}) + b_3 D_t + b_4 SD_t + U_t$. Where V_t =current weekly volume; P_t =current weekly price; V_{t-1} =weekly volume last week; D_t =shift dummy for sale or nonsale week; and SD_t =slope dummy for direction and amount of price change; and U_t =error term.

The results indicate that advertising had a significant effect on volumes sold. There was a significant difference in prices during sale and nonsale weeks. Measurements of elasticity of demand on retail price at the mean were 1.7473 for nonsale weeks and 1.9108 for sale weeks.

How Your Competition Will Change. Jules Backman, *Nation's Business*, February, 1965, pp. 38-39 ff. [F.A.B.]

Executives are advised to redouble their efforts in studying customer wants and how to serve them better. Nonprice competition is growing in importance, reflected in product research, credit terms, technical services, and the like.

Conventional price leadership is weakening in certain basic industries such as paper and chemicals. Smaller firms are less likely to follow large leaders; and may themselves exercise leadership through research or other innovations.

Added dimensions to competition are both foreign competition and technological developments in other industries, which may offer substitutes for existing products. Thus, competition between wool producers is less significant than inroads into the wool market made by new synthetic fibers.

18. Research and Research Techniques

Sunset Western Market Almanac, 1964. Marketing and Research Departments of Sunset Magazine, 44 pp. [M.M.]

The study can be effectively used to illustrate the marketing opportunities in the eight Western states. The data have been compiled for the past 36 years and show trends of considerable interest to marketing managers. Specific studies and data concerning commerce and industry, housing, construction, employment, furniture, automobiles, drugs, building materials, lumber, hardware, travel, and insurance are dealt with in detail.

Because of a population increase of about 800,000 per year, an educational level of 8.9% higher than the national norm, and a per capita income of \$348 higher than the rest of the nation, the West provides a burgeoning market for numerous industries.

The unique character of the Westerner (a strong adventuresome spirit less constrained by traditions) makes him less resistant to change, more speculative, naturally curious, and in need of more new facilities. A few of the things the Westerner has quickly accepted when first introduced are the compact car, foreign cars, frozen food, sliding glass doors, heat pumps, hi-fi, automatic dishwashers, and home freezers.

Traveling has always been attractive to Westerners. This has provided a boom for auto manufacturers, the petroleum industries, public modes of transportation, and recreational equipment (campers, trailers, tents, etc.). Indirectly travel has also presented a good market for international foods and photographic equipment. Insurance has also boomed with a new awareness of the necessity to provide security.

Land of the Empire Builders. Marketing Department of Sunset Magazine, 1964, 32 pp. [M.M.]

The Pacific Northwest provides special marketing opportunities for the alert marketers of goods and services.

Residents of this area enjoy year-around recreational services provided by community centers within driving distance of most homes. This fact is of special importance to marketers of sports apparel and equipment, automotive supplies, and any other products concerned with recreation and family entertainment.

The weather also provides marketing opportunities because of the distinct summer and winter climates. Wardrobes require summer and winter clothing, and homes must have special interior, exterior, and roofing finishes to adapt to the changing climates.

The Northwestern housewife has proven to be home-oriented, and seems to enjoy home-cooked foods requiring special preparation. The mixed cultural back-

grounds of most Northwesterners has also created a market for widely diverse menus. This makes the international food market a good potential in this area.

Firms taking an interest in the Pacific Northwestern market will find an expanding market as long as local needs and desires are given special attention.

Copies of this special report are available from *Sunset* in Menlo Park, California.

The Strategy of Market Research: A Formal Approach.

Rex Brown, *Journal of Advertising Research*, December, 1964, pp. 34-39. [T.F.S.]

This article explores an adoption of normal statistics, "Credence Analysis," by which subjective judgments can be "formally processed to make sensible business decisions."

The author outlines the language and procedures of credence analysis. He examines several basic marketing research problems to demonstrate how strategy can be achieved utilizing this sort of analysis. Moreover, the study indicates how it may be possible to account consistently for various sources of error when deciding between alternative research strategies.

Interviewing Costs in Survey Research. Charles S.

Mayer, Bureau of Business Research, The University of Michigan, 1964, 114 pp. [N.E.M.]

The approach used by the author to assist the researcher in determining the incremental cost of field procedures and sample designs "is a new technique (of computer simulation) for determining the probable cost of alternate field interviewing plans."

"The general conclusion of this study is that it is possible to construct a simulation model of the field interviewing process which behaves in approximately the same way as the real system. Such a model can be used effectively by the manager of a field force to pretest the cost implications of alternative plans of sample design and field procedure."

Consumer Attitudes, Buying Plans, and Purchases of Durable Goods: A Principal Components, Time Series Approach. F. Gerard Adams, *Review of Economics and Statistics*, November, 1964, pp. 347-355. [G.F.]

Concerned with predictive effectiveness of attitudes and buying plans as aggregate time series data, this paper leads to the conclusion that: 1) consumer expectations about the short-term business outlook are the most important component of the time series variation of attitudes; 2) regression analysis of attitudes and of buying plans show that attitudes make a significant contribution to forecasting durable expenditures; but, 3) buying plans do not improve the correlation once income and attitudes are present in the equation. These results support the case for attitudes as a key consumer anticipations variable and as a means of forecasting.

Three-Pass Least Squares: A Method for Estimating Models with a Lagged Dependent Variable. Lester D. Taylor and Thomas A. Wilson, *Review of Economics and Statistics*, November, 1964, pp. 329-346. [G.F.]

Monte Carlo experiments establish a strong case for using the three-pass least squares in estimating models of demand with a lagged dependent variable. The three-pass estimating procedure is a three-step method for constructing a consistent estimate of the coefficient of a lagged dependent variable when auto-correlation among independent variables is present. Biases in

three-pass estimates are slight compared to biases in ordinary least squares estimates. This result is not dependent on the R^2 of the model, nor does it depend on particular values of the coefficients.

Judging by results reported for 21 experiments, this method is useful as long as autocorrelation among independent variables is moderately strong and positive for samples of size 20. There is some question about the three-pass method when there is strong negative autocorrelation.

Psychology: A Behavioral Reinterpretation. *Proceedings of the American Philosophical Society*, Vol. 108 No. 6, December, 1964, pp. 451-485. [G.F.]

This collection of papers read at the Annual General Meeting of the American Philosophical Society opens with an examination of the conflict between dualistic subjectivism and physical objectivism by Edwin G. Boring. He traces behaviorism from Watson to Skinner and surveys the papers to follow.

Herrnstein comes first with "will" and the concept of motivation. Guttman then describes experience showing how behaviorism determines the form of sensory functions which have been established by psychophysics. Teitlebaum considers hunger "appetite," and the regulation of food intake. Dews under the heading "humors" discusses psychopharmacology, showing how Skinner's new concept of scheduling reinforcements turns the problem of motivation into studies of learning. Sidman shows how "anxiety" can be given exact specification in experimental situations. Finally Skinner turns to the science of "man" and ends on the hopeful note that science cannot rob a fact—the new psychology has not changed the nature of man — it has merely increased his understanding of himself.

Where Experts Are Worlds Apart. *Business Week*, November 7, 1964, pp. 74-78. [L.R.M.]

This is a discussion of a two-and-one-half day conference at the Graduate School of Business at Stanford University. The "tab" was picked up by Metromedia Inc.—involved in broadcasting, outdoor advertising, and real estate.

Twenty experts came from business schools, research firms, advertising agencies, and research departments of big corporations. After two-and-a-half days of fast pace verbal combat, most agreed that the consumer is still the big one that got away.

The article goes on to discuss the consumer from points of view of various fields—mathematics, psychology, economics, sociology, and anthropology.

Where Foreign Wares Test the U.S. Market. *Business Week*, October 24, 1964, pp. 118-119. [L.R.M.]

This article is about the new services of Charles von Loewenfeldt, Inc., a San Francisco-based public relations firm. They have a research division they call The World Samples which is a quality gift shop on Nob Hill. Here international wares are displayed and tested. These are generally products that have not previously been available on the American market.

Explaining the Poster Surveys. Brian Copland; **A Major Piece of Technical Progress.** W. A. Wilson, *Advertiser's Weekly*, January 8, 1965, pp. 26-30. [U.M.S.]

The research consultant on the most recent Poster Audience Surveys published by the Institute of Practitioners in Advertising answers ten questions on poster

research. These relate to the use, reliability, and application of the data to media planning.

The opinions of a marketing man, as a user of the research results, are to welcome it and to indicate the way toward the inclusion of posters in the current quest for usable inter-media comparisons.

The TAM TVQ Technique—How Valid? R. Bamberg; **TAM is Aware of the Difficulties That Underlie Attitude Research.** W. A. Twyman, *Advertiser's Weekly*, January 8, 1965, pp. 18-22. [U.M.S.]

Criticism is leveled at the TAM TVQ technique, defined as:

$$\frac{\text{number voting a program "one of my favorites"} \times 100}{\text{number familiar with a program}}$$

on grounds of sample response rates, family influence in completing questionnaires, definition of "favorite" and "familiarity," and selectivity of data. Each of these points is defended by the second author who claims that they were satisfactorily settled during the pilot stage of the research.

Calling in the Consumer. John M. Caffyn, *New Society*, January 7, 1965, pp. 20-21. [U.M.S.]

Consumer testing new products realistically is recognized as a long, tough, and expensive exercise. It is suggested that by making dummy TV commercials and asking samples of consumers their opinions, the necessity of manufacturing prototypes is eliminated. Rough commercials can be recorded quickly and cheaply on videotape; and audiences, assembled to view them, are asked to complete questionnaires. This research system has been called Telpex testing. The method can also be used for existing products or indeed a wide range of communication research work.

Sessions, which last about one and three-fourths hours and entail informants' completing three answer books, consist of a "warming up," a discussion of TV films and commercials, and "lucky draws." However, in spite of the work, it seems that the majority of participants would not object to attending a further test session.

Taming Leo III. David Phillips, *WPN and Advertisers' Review*, January 1, 1965, p. 12. [U.M.S.]

The Media Research Manager of S. H. Benson, a leading British advertising agency, describes how the Leo III computer is being used to select media schedules, based on readership surveys and any other available research. Further progress will concentrate on an improved model of readership, a logical basis for weighting individual media using scaling methods, the inclusion of television audience data, and the allocation of advertisement bookings over time. To share costs, a number of other agencies have been invited to participate.

A Simple Marketing Game. Simon Broadbent, *Journal of Advertising Research*, December, 1964, pp. 29-33. [T.F.S.]

Broadbent discusses the role of business games in training management and suggests that, although some of the lessons learned by players are specific, the most valuable lessons learned are the more general ones, such as the advantages of marketing experimentation, the utility of marketing research data, and the priority of profit policy.

Utilizing two relatively simple, non-computer games which are flexible and sensitive to various marketing

factors, the author demonstrates that marketing games can instill a better understanding of the total marketing process and the importance of determining the proper mix of marketing factors.

Measuring the Net Cumulative Coverage of a Print Campaign. Richard A. Metheringham, *Journal of Advertising Research*, December, 1964, pp. 23-28. [T.F.S.]

This paper pertains to the problem of estimating the net coverage and frequency distribution of a print schedule, allowing for the cumulative effect of more than one insertion in any publication.

Using an indirect and simulated approach, the author demonstrates a method of estimating net cumulative coverage which is applicable both to within-publication and between-publication duplication.

A Comparison of TV Audience Measures. A. S. C. Ehrenberg, *Journal of Advertising Research*, December, 1964, pp. 11-16. [T.F.S.]

The author summarizes evidence from Great Britain on the comparability of certain techniques for assessing television audiences. Operational data for two techniques (meter-controlled diary panels and aided recall surveys) are discussed, and experimental data on five techniques (for example, diary panels, coincidental survey, aided recall, etc.) are summarized.

The author contends "that these techniques are all measuring the right thing and can give closely comparable results" and that failure to produce such results may be due to inadequate analysis of routine data.

The Future of Advertising Research. Lord Thomson of Fleet, *Journal of Advertising Research*, December, 1964 pp. 2-3. [T.F.S.]

Lord Thomson urges more generous support—by media proprietors as well as advertisers and agencies—of basic advertising research.

Recognizing that (1) advertising research is not a traditional concern of the media proprietor and (2) the tools of advertising research may never achieve 100% accuracy, the author contends, nevertheless, that the results of present research are "... usable in planning more efficient ways of using the available resources."

The IPA National Readership Survey: Some Problems and Possible Solutions. Thomas Corlett, *Journal of Advertising Research*, December, 1964, pp. 4-10. [T.F.S.]

The author examines and discusses possible solutions to the problems in the IPA survey which have been revealed by experimental work during the past four years, the basic problem being to find a survey procedure which handles many magazines and is reliable.

The IPA study is conducted by the Institute of Practitioners in Advertising, the British association of advertising agencies. Each interview covers 84 different periodicals, including 22 newspapers and 62 magazines.

According to the current survey report, "the principle of measuring 'readership' which has been used in these surveys since their inception is to attempt to establish at each interview whether or not the person interviewed has looked at *any* copy of the periodical."

Psychological Laboratory Techniques in Copy Research. John M. Caffyn, *Journal of Advertising Research*, December, 1964, pp. 45-50. [T.F.S.]

This article describes recent experimental work carried out in the communication research laboratory at London Press Exchange Ltd. The author demonstrates how information about consumers' reaction to advertising can be obtained with the psychogalvanometer, the tachistoscope, and association testing.

The author contends that the "potentiality of laboratory techniques has been undervalued, and even those techniques that have been substantially validated are not used enough."

An Operational Research Analysis of a Newspaper Campaign. John Maitland and Kenneth Pennycuik, *Journal of Advertising Research*, December, 1964, pp. 17-22. [T.F.S.]

The paper focuses upon a comparison of various British newspapers' ability to attract applicants for the London police force. Aided by a Pegasus computer, the authors investigated the responses to advertisements in different news media.

By constructing a model entailing such factors as distance, impact, and circulation, the authors were able to determine which would be the most effective distribution of advertising funds among various forms of advertising media.

Toward a Measure of Complementarity. Robert H. T. Smith, *Economic Geography*, January, 1964 pp. 1-8. [W.P.]

The report is a contribution to the study of trade patterns through inter-area commodity flows. The measure is based on departures from a gravity model of expected flows given other values related to supply and demand in the areas of origination and destination. Rail commodity flows from states to regions are employed to illustrate the concepts.

Recent Distortions of the Classical Models of Urban Structure. Homer Hoyt, *Land Economics*, May, 1964, pp. 198-212. [W.P.]

Hoyt juxtaposes Burgess's description of concentric zones in Chicago of 1925 with descriptions of significant changes since then, drawing on subsequent land use studies. Similar but less detailed attention is given to Hoyt's own "sector theory." No broad summary of changes is evolved, but the descriptive content makes valuable reading.

The Interindustry Structure of the United States. Morris R. Goldman, Martin L. Marimont, and Beatrice N. Vaccara, *Survey of Current Business*, November, 1964, pp. 10-29. [H.W.F.]

Input-output analysis traces the myriad purchase and sale relationships, which makes it a powerful tool for industrial marketing. Three tabulations of preliminary results from the 1958 Interindustry Relations Study are featured here; additional reports will be released later.

In the output distribution table each row shows the distribution (in percentages) to each of the 86 industries and final users of its goods and services. A firm can compare its sales pattern with that of its industry, thus identifying potential markets. The direct requirements table relates each of the inputs of an industry to its total output. Procurement analysis may be one of its uses. Finally, the total (direct and indirect)

requirements table permits calculation of the impact of stipulated changes in final demand on the various industries. Additional tabulations relate these concepts to GNP components. A more complete discussion of the 1958 input-output study with special emphasis on the technical and conceptual aspects is available from the Office of Business Economics, Washington 20402.

Sample Surveys in the EEC. Special Report No. 2, *Marketing in Europe*, January, 1965, pp. 22-27. [W.S.P.]

This gives a rundown of the principal firms engaged in contract marketing research in the EEC. It discusses some of the problems of consumer research that are peculiar to the EEC countries, among them being the prejudice of some peoples against being interviewed on any matter. One who has had some experience with the area might question the accuracy and adequacy of the "official documentation" that is referred to, on the grounds that much of the data are so broadly grouped as to be less than useful. Basic accuracy may also be doubted in many instances, not because of any malfunctioning of the researchers who gather the data, but simply because of the stage of development of reliable data about much of the EEC is nearer primitive than sophisticated.

Copies of the *Special Report* may be obtained from the Economist Intelligence Unit at the New York address given in similar reviews in earlier issues.

Statistical and Review Issues of Trade and Business Periodicals. *Baker Library Reference List No. 23*, Graduate School of Business Administration, Harvard University, 1964, 20 pp. [W.S.P.]

The preface gives the purpose of the list "... to make more easily accessible the valuable statistical data appearing annually in trade journals and general business periodicals." The resultant pamphlet goes a long way towards this end and is well worth the price of \$1.00.

Publications are listed alphabetically, and the month and approximate time of month when the reference issues appear is given. The nature of the data is also noted. A thorough subject index is supplied to assist the user in locating materials. It is regrettable that many reference issues of publications are not listed. Among these are the publications which cover the non-ferrous metals, for example.

Directories and buyers' guides are excluded from listing except where these contain the statistical data on a given subject or field. Copies may be ordered from the Baker Library, Soldiers Field, Boston, Massachusetts 02163.

The Begrudging Index and the Subjective Value of Money. Peter Cooper, *Scientific Business*, November, 1964, pp. 281-6. [U.M.S.]

Research has been used to develop from Katona's work on consumer attitudes a scale of indifference to various products in terms of money values. The method used is similar to that of the multidimensional analysis of preferences of Olander in Stockholm, and there is, of course, a close relationship with price elasticity of demand. Other applications of this research, which is still in its early stages, may be in the areas of marketing concerned with distribution, image studies, promotional activity, and packaging.

Who Wants Social Research in Industry? *The Manager*, November, 1964, pp. 21-24. [U.M.S.]

The results of a pathetic search among British companies for cooperation with a social research project are described by the anonymous researchers. A variety of reasons were given for inability or unwillingness to participate, only some of which appeared to be valid. It seems that there is a handful of progressive companies that figure repeatedly in research reports, and to that extent the results are often atypical.

Access to Social Science Data in Commercial Communication Reports. Charles R. Wright, *Public Opinion Quarterly*, Winter, 1964, pp. 573-583. [G.F.]

In trying to mine descriptive commercial surveys for contributions to our body of knowledge about mass communication, Professor Wright found the yield disappointing. He concludes that a slight increase in conscious use of more theoretically relevant variables and indexes in descriptive surveys would enrich the usefulness to future social scientists. Somehow this effort to retrieve information from studies designed for other purposes is reminiscent of the primary-secondary data collection problem customarily discussed in marketing research courses.

Consumer Response to Selected In-Store Promotion of Cottage Cheese. Dorothy Dickens and Alvirda F. Johnston, *Bulletin 691*, Agriculture Experiment Station, Mississippi State University, July, 1964, 31 pp. [W.S.P.]

The matter of point-of-purchase promotional efforts and the success or failure of such efforts has been given considerable space in the trade press. This study, a controlled market study, was made to provide additional insights into the hows and whys of homemakers' choices of cottage cheese.

The report has two points of interest: (1) its methodology and (2) its results. It seems to have been a well-designed study with tangible and therefore useful results.

Copies may be requested from the University at State College, Mississippi. It appears to be available at no charge.

Reversal Response Set and the Nature of Personal Perception. Leon H. Levy, *Journal of Abnormal and Social Psychology*, October, 1963, pp. 392-396 [F.M.N.]

The author's leadin to his study makes an interesting point about alternative ways of interpreting the mechanism of judgment:

"Clearly, if the judgments 'Harry is stupid' and 'Jim is bright' were found to vary in one-to-one relationship with certain characteristics of Harry and Jim, a mediational process would not be necessary to account for them, nor would the phenomena necessarily be considered perceptual (Hochberg, 1956): a simple S-R relationship is all that is involved. However, when judgments do not appear to enjoy such a relationship with stimuli, the issue becomes clouded. When it appears that one must take into account not only the stimulus, but also the conditions of judgment and the condition and past history (biographical and experimental) of the judge in order to account for the judgment, we seem to have a choice of whether we wish to treat these as all affecting directly the judgment (a procedural statement), or as affecting, at least in part, some process (perception?) upon which the judgment is dependent (a conceptual statement)."

Stated in this way, it would appear obvious that the choice must rest upon philosophical or methodological grounds rather than substantive ones. The crucial experiment is likely to exist only as mirage, and the best role which research can play here is that of providing factual data, of value in itself, and as a basis for construction of a model along the lines of one's choice, either conceptual or procedural."

Having made the case for research and leaving the interpretation open, Levy goes on to describe his experiment (influence of group opinion on the judgment of character from pictures).

Motivational Research, *Retail Business*, February, 1965, pp. 26-32. [U.M.S.]

This is a summary of current techniques and applications of motivational research in Britain. Techniques include depth interviewing, group discussions, family group discussions, observation, projective methods, and tests using apparatus. Applications mentioned include copy writing, market description for new and existing fields, product and package design, communications, competitive activity, and industrial market research.

Sets Switched On—But Are the Viewers? W. A. Twyman, *WPN and Advertisers' Review*, February 12, 1965, pp. 18, 27. [U.M.S.]

A further airing of the description of qualitative TV research now being offered on a subscription basis, whets the appetite for further information. The main concern of the research is to measure the degree of viewers' enthusiasm for specific programs. Other research indicates that attitudes to advertisements are influenced by attitudes to adjacent programs. This factor should be taken into account by media planners, in addition to straight audience counts.

Setting Targets in Advertising Research. Timothy Joyce, *Commentary*, January, 1965, pp. 10-27. [U.M.S.]

This paper to the 1964 ESOMAR Congress follows an earlier one in 1961 which covered similar ground to the ANA's study, "Defining Advertising Goals for Measured Advertising Results." In the 1961 paper the Advertising Planning Index was described. Once a product field is adequately defined so as to be understood by respondents, a number of brands are selected within it. A set of measures is then decided, as are sample population, sample size, and frequency of checking, usually quarterly. The standard measures are: Advertising recall—which of these makes have you seen advertised during the past weeks?

Brand awareness—which makes of . . . (product field) can you think of? Any others?

Brand rating—which of these makes are you likely to buy in the future?

Brand use—which makes of . . . (product field) do you ever buy?

After giving consolidated results from data collected since 1959 from 250,000 interviews on 321 brands in 38 product fields, the author concludes that the technique can contribute to establishing:

- a) how well an advertising campaign is working (evaluative function),
- b) what results a campaign is likely to yield in the future (predictive function), and
- c) the communication effects of the campaign and relating these to changes in use (diagnostic function).

Of the three, the greatest value has been derived from the third.

19. Retailing

Gourmet Foods Fill the Supermarket Cart. *Business Week*, December 5, 1964, pp. 47-52. [L.R.M.]

The gourmet foods mentioned in this article come from Safeway's first fancy food shop in downtown Washington. It is designed to add prestige to the chain's image and sell exotic delicacies on a mass-market basis. Time will tell if it can be done profitably.

The fact that this is a new concept for a large food chain makes this article of great importance. It covers: (1) the market, (2) stocking problems, (3) innovations, (4) consumer reactions, and (5) a comment on the future.

Shoppers Pick Pearls—on the Half Shell. *Business Week*, November 28, 1964, pp. 138-140. [L.R.M.]

In order to give its cultured pearl sales a boost, T. Eaton Co., Ltd. put oysters on sale at \$2.00 each. Customers stood in line four deep to get their oyster with a pearl. Nearly 20,000 consumers in Toronto, Canada bought their \$2.00 oysters in one week. The promotion was so successful Eaton's has planned similar programs in their Montreal and Winnipeg stores.

The article goes on to discuss some small problems that occurred and even touched on the source from Japan.

The Old Five-and-Ten Spreads New Wings. *Business Week*, November 14, 1964, pp. 58-67. [L.R.M.]

The old five-and-ten referred to is F. W. Woolworth Company, which today certainly doesn't develop in excess of \$1.3 billion in nickel and dime sales.

The founder of the company, Frank W. Woolworth, in 1879 had the philosophy that he should "cater to the merchandise needs of the shopping public insofar as the retail character of the business would permit." The article points out that today's President, R. C. Kirkwood, is still using the founder's philosophy. Woolworth has remained the world's largest variety store chain and has become an international merchandiser serving the consumer in various roles.

A brief history of the Company; its present position; the number of outlets by name, that is, Woolco, Kinney Shoes, Harvest House, etc.; and future expectations are expounded in some depth.

The Memo That Moved a Mountain. *Business Week*, December 12, 1964, pp. 68-74. [L.R.M.]

"The Memo That Moved a Mountain," refers to one by the J. C. Penny Co. Chairman of the Board, William M. Batten, in 1957. The article gives a brief history of the J. C. Penny Co. and expands on what the memo of 1957 stimulated. Briefly, these were six new areas for the Penny Co.:

1. Appliances and other hard lines.
2. Shopping centers with larger outlets.
3. Catalog service.
4. A national credit system. (This is among the most advanced in retailing.)
5. Sophisticated computer controls in merchandising, credit, and catalog sales.
6. Added new services such as leased beauty salons, restaurants, and telephone ordering in all regions.

Diamonds for the Masses. John McDonald, *Fortune*, December, 1964, pp. 134-7, 163 ff. [H.W.F.]

A 20-fold rise in sales (to \$100 million) in 20 years

is the success story of the Zale Jewelry Co. of Dallas. The company is integrated back through manufacturing control in New York and direct buying abroad. Operating under the Zale name, almost 300 stores (mainly in towns and cities of the South, Southwest, and Pacific Coast) cater to medium and low-income customers.

The Fine Jewelers Guild division, with 50 stores continuing previously established and sometimes locally prestigious names, services the quality market. The company also runs 45 leased units in discount stores plus 13 in traditional department stores. In addition, Zale is experimenting with franchise counters in small-town outlets.

Consumer Attitudes and Frustrations in Shopping.

Charles J. Collazzo, Publication of the Retail Research Institute of the National Retail Merchants Association, 1964. 148 pp. [W.S.P.]

In the era of marketing a report such as this to analyze the retailing activity in terms of the shopper is most timely. Professor Collazzo thoroughly examines the topic of consumer attitudes and satisfactions. The point is well made that the consumer is a complex person, having many wants in the retailing situation that are not fully being met. These spell opportunity to the alert retailer.

The actual research effort was confined to the Boston, Massachusetts area, but the conclusions appear to be broad enough to have application for retailers elsewhere in the country. Certainly the call for further such research is warranted by the results presented.

Characteristics of the consumer are examined for insights into the attitudes. These characteristics include the usual life cycle and income-education factors. Demographic influences are also taken into account. The concluding two chapters concern the retailer's responsibilities and the opportunity for maturity in merchandising.

Copies should be requested from the Institute at 100 West 31st Street, New York 1. No price is given in the booklet.

Food Retailing in the Mid-60's. *Progressive Grocer*, January, 1965, pp. 45-47. [R.J.M.]

Food retailers are looking forward to better merchandising records in the second half of the 1960s over the first half. Food sales increased 24% in the first half of 1960 without any marked increase in food prices. This sales increase was attained while population increased only 7%.

New supermarket construction is expected to increase markedly in the second half of the 1960s and 12,500 new stores are expected by 1970. These stores will largely be additions to capacity—in only a few instances will they replace existing stores. This optimism of the food industry reflects their lessened concern with problems of over-expansion, declining profits, and discount centers.

Several changes in departmental planning appear in the offing for the new stores. Store engineers and planners expect:

- a) bigger frozen food departments
- b) more floor space for nonfoods
- c) increased emphasis on dairy departments
- d) increased floor space for groceries
- e) reduced amounts of space for produce and
- f) widespread determination to reduce and further streamline backroom areas.

The Growing Challenge of Distributor Brands. M. John Mills, *The Director*, January, 1965, pp. 79-81. [U.M.S.]

Britain's big retailing organizations are pushing ahead with an aggressive merchandising development that adds up to a revolution in trade. More and more, they are selling their own distributor brands which will probably capture at least £500 million of annual consumer spending this year.

The pace has been set in the United States, but the British market is not far behind, and "own brand" methods are now spreading into other fields after racing ahead in the food and grocery business. For British wholesalers, manufacturers, and retailers, the £500 million question is: "How will private label brands affect my business?"

Sizing Up Customers: Are You Selling to Strangers? *Merchandising Week*, January 25, 1965, p. 103 [W.G.]

The highlights of a study on customer-retailer interaction were presented by Schuyler F. Otteson at an N.A.R.D.A. convention. Frequently retail sales are lost because salesmen do not recognize when shoppers are ready and willing to buy. A majority of customers buy at the first store they enter. Dealers tend to be more concerned over pricing of major appliances than are customers; the primary concern of the latter was quality of service and the warranty available. Otteson found that after service, customers rated ease of use, price, style, and step-up features, in that order.

Departmental Merchandising Results in Small Department Stores, 1961-62. Edgar H. Gault, Bureau of Research, The University of Michigan, 1964, 70 pp. [N.E.M.]

This monograph is divided into three unequal parts, beginning with an appraisal of total small department store performance and continuing with a larger and more valuable section of statistics on the operating characteristics of the several departments within the stores.

The last section contains even more interesting tables (74 of them) concerned with the monthly figures, by departmental categories, of such operating statistics as "Increase in Sales," "Markdowns," "Stock Sales Ratio," "Sales as a % of Basic Departments," "Month's to Year's Sales," "Original Markup," and "Gross Margin."

Managing a Multiple. Gladys Burlton, *Statist*, March 19, 1965, pp. 797-9. [U.M.S.]

This 1,500-word guide to would-be branch store managers touches on the considerations affecting expansion in the number of branches, warehousing, transport, staffing, stock selection, remuneration, and training.

20. Sales Management and Selling

Negroes on the Sales Force: The Quiet Integration. A. J. Vogl, *Sales Management*, October 16, 1964, pp. 25-28. [J.S.W.]

Negroes, as a group in the United States, have held very few middle-class job positions. One of the occupations where Negroes have found little employment opportunity is on selling forces when prospects are principally white in color. This article tells how this situation is slowly being changed.

Sales forces are being integrated in many instances,

although with less publicity than, say, the use of Negro models in consumer advertisements. An interesting profile of the Negro salesman is provided, as well as a rundown on the problems encountered by employer and employee when a policy of sales force integration is invoked.

New Man in Selling. Thomas J. Murray, *Dun's Review and Modern Industry*, February, 1965, pp. 38-40 ff. [F.A.B.]

Increasing numbers of mergers, and resulting centralized purchasing, has added to the number of accounts which must be sold on a national basis. More than 300 large manufacturing firms now have national account managers who are responsible for aspects of cultivating sales with these multi-plant giants.

These men negotiate sales, often upwards of \$100,000 each, which may be over half of a firm's total volume. Apart from selling, they provide liaison with all aspects of inter-company relations, such as transportation, faulty product performance, and the like.

Organization-wise, the national account manager reports to a marketing manager, but he is not part of the field sales organization. However, coordination with field men must be close, and coordination must be maintained if he and other salesmen are covering the same prospect—one at the national and others at branch levels.

Indicative of their distinctive role, these men have formed a National Account Marketing Association. Their number will certainly increase.

The Forgotten Sales Manager. Velma Adams, *Dun's Review and Modern Industry*, March, 1965, pp. 45-46 ff. [F.A.B.]

Management is vitally concerned with the training of salesmen, but the training of the supervisors of field sales forces is sadly neglected. A recent survey of 3,300 firms disclosed only 75 with formal training programs for field sales managers.

Common practice is to promote a successful salesman to the post of field sales manager. Unhappily, a new set of qualities are needed — ability to analyze reports, forecasting, and long-run planning. Further, the training of men is a difficult skill to teach.

Manager training has shifted away from conventional methods. Among the new techniques cited are sensitivity training, programmed instruction, and participation techniques or workshops. The biggest obstacle to widespread training is the absence of competent trainers.

21. Storage and Transportation

Opportunities and Problems for Small Business in Foreign Trade Via the St. Lawrence Seaway. Edmund A. Nightingale and Donald V. Harper, *The University of Minnesota*, November, 1964, 213 pp. [N.E.M.]

The authors, on the basis of a questionnaire study, attempted to secure data concerning the extent of import-export trade which was taking place in the nine-state Upper Midwest area. The study begins with an introduction acquainting the reader with the nature of the St. Lawrence Seaway, goes on to an explanation of the research methods, and parts III and IV present the findings, summary, and conclusions.

The major interest for JOURNAL OF MARKETING readers lies in the monograph's attention to transportation.

22. Theories in Marketing

Functionalism as an Approach to Marketing Theory.

Donald F. Dixon, *Temple University Economics and Business Bulletin*, December, 1964, pp. 28-34. [G.F.]

Dixon argues that the reason for failure of marketing theory to relate marketing to the social order "lies in the narrowness of the concept of functionalism." This shattering pronouncement is only the prelude to a bombardment deserving of a hearing by the readers of the JOURNAL OF MARKETING. Alderson's functionalism, which has played such a seminal role in shaping current marketing thought, is Dixon's target.

A functional theory of marketing must also "provide a framework for dealing with marketing activities and the function of marketing in any form of social, political, and economic organization." This is of course too heavy a burden for any single theory, particularly when, as Dixon points out, there is a confusion between the use of the words functional and institutional. In these days when discussion of marketing management has eclipsed social concerns, Dixon's assertion of the need for a broader functionalism in marketing cannot help but refocus attention to an important but neglected part of reality.

Bartlett Effect and the Presistence of Induced Opinion

Change. Demetrios Papageorgis, *Journal of Abnormal and Social Psychology*, July, 1963, pp. 61-67. [F.M.N.]

This was a study to test the "Bartlett Effect"—the hypothesis that an unqualified message may have greater initial impact on opinion change, but that its effect declines more rapidly than the impact of a qualified message, since the qualifications in the latter (that is, the points which conflict with the main message) would tend to be forgotten over time.

Two statements were selected, and qualified and unqualified messages were prepared on each. The unqualified messages produced more opinion change, and the qualifications were forgotten more rapidly than the message main points, in accordance with the Bartlett hypothesis. However, the qualified messages had consistently greater persuasive impact than the unqualified. Thus the Bartlett effect for retention was confirmed but received little, if any, support for opinion change.

Delayed action effects, that is, the tendency for opinion change to increase when measured later in time, occurred although this was not the intention of the research design. The author comments (p. 65): "This leads to the hypothesis that delayed action effects, albeit often of small magnitude, are more common than originally thought, and that 'discounting cues' (Hovland, Janis and Kelley, 1953) are always present when a persuasive communication is presented to an audience, and then tend to dissipate with the passage of time or a change in setting. It should be added that the delayed action effects of the unqualified messages were not significant."

Communicator Credibility and Communication Discrepancy as Determinants of Opinion Change. Elliott Aronson and Judith A. Turner, *Journal of Abnormal and Social Psychology*, July, 1963, pp. 31-36. [F.M.N.]

Experimental results show that there is a positive relationship between the credibility of the communicator and the extent of opinion change. However, when the discrepancy between the opinion advocated by the communicator and the subject's pre-existing opinion is

taken into account as an additional variable, research has yielded contradictory findings: in some cases, opinion change goes up in a linear relationship with discrepancy; in other cases, resistance to change has been found when the discrepancy is extreme.

The contradiction can be reconciled by dissonance theory. When a subject perceives dissonance between his own opinion and that of a credible communicator, he can reduce it in two main ways: (1) by changing his own opinion and (2) by derogating the communicator. The credibility of the communicator is crucial to the choice of method to reduce dissonance. If the communicator has "perfect credibility," only opinion can change, by definition. Some of the research seems to have reproduced this type of situation; for example, the communicator was a close friend of the subject. If the communicator has "mild credibility," the subject can reduce dissonance easily by a slight shift of opinion, providing that the communication is close to the subject's own opinion; but if the discrepancy is great, it is easier to reduce dissonance by derogating the communicator. This article reports results of an experiment made to verify and validate the conclusions.

The Effectiveness of Overheard Persuasive Communications. Elaine Walster and Leon Festinger, *Journal of Abnormal and Social Psychology*, December, 1962, pp. 395-402. [F.M.N.]

There is some experimental evidence that a communication inadvertently overheard will be more effective in changing opinion than one directly addressed to the person. Subjects were given a chance to hear a conversation going on without being seen. In the Regular condition, two graduates were asked to go on chatting, while subjects listened in. In the Overheard condition, subjects were apparently eavesdropping on people quite unaware that their conversation was being overheard. Subjects heard in fact a pre-recorded tape arguing strongly that there was no relationship between smoking and lung cancer.

A week later subjects filled in a Health Questionnaire. It was found that Overheard subjects were less likely to believe in the smoking/cancer link than Regular subjects. Further analysis showed that most of the difference between the two groups was due to the smokers. This was surprising, since smokers might have been anticipated to accept the communication (favorable to smoking) equally well in either the Regular or the Overheard condition.

Two further experiments were therefore conducted. In both the results of the first experiment were confirmed: the "uninvolved" subjects were only slightly more influenced by the Overheard than the Regular condition. It was the "involved" subjects who were much more strongly influenced by the Overheard than the Regular condition.

Persuasibility in Young Children as a Function of Aggressive Motivation and Aggression Conflict. Alan Roland, *Journal of Abnormal and Social Psychology*, May, 1963, pp. 454-461. [F.M.N.]

The predisposition labeled "persuasibility" by Janis and Hovland is considered to be a personality trait, operating independently of the communicator, the medium, the content of the message, etc. Recent work shows that the expression of overt aggression and persuasibility are negatively related.

The author found it hard to understand the association of high persuasibility with low overt aggression. He therefore hypothesized (in accord with other find-

ings) that low overt aggression does not indicate the absence of aggressive motivation, but rather aggression plus strong inhibitions against aggression. Tests on three groups of 15 boys supported the postulate: both High and Low P (Persuasible) subjects have more aggressive motivation than Medium P subjects; High P subjects have a smaller aggression conflict ratio than Low P subjects.

Receptivity to Supportive versus Nonsupportive Communications. Ivan D. Steiner, *Journal of Abnormal and Social Psychology*, October, 1962, pp. 266-267. [F.M.N.]

It is widely believed that the hypothesis, "Individuals whose confidence has been shaken by exposure to propaganda opposing their belief prefer to hear arguments from their own side in order to bolster their confidence," has been established. This hypothesis is *not* in fact established by the research usually quoted as evidence.

There are two main studies: (1) Brodbeck, *Journal of Abnormal and Social Psychology*, May, 1956, pp. 166-170. Unfortunately the differences there reported can be accounted for by chance, and if anything contradict rather than support Brodbeck's hypothesis; and (2) Mills, Aronson and Robinson, *Journal of Abnormal and Social Psychology*, 1959, 59, pp. 250-253. But Rosen, *Journal of Abnormal and Social Psychology*, 1961, 63, pp. 188-190 found contrary evidence which negated even the tentative findings of Mills *et al.*

The author believes that there may be conditions which induce people to seek supportive information, and other conditions which lead them to seek adverse information; but further evidence is needed before we know what these conditions are.

An Experimental Study of Psychological Resistances to Fear Arousing Communications. Irving L. Janis and Robert F. Terwillinger, *Journal of abnormal and Social Psychology*, December, 1962, pp. 403-410. [F.M.N.]

The low threat version of an anti-smoking communication produced less emotional disturbance and more attitude change than the high threat version. The high threat appeal produced greater resistance; its inhibitory effect reduced but did not eliminate the effectiveness of the communication.

Open- and Closed-Mindedness and the Ability to Differentiate Source and Message. Frederic A. Powell, *Journal of Abnormal and Social Psychology*, July, 1962, pp. 61-64. [F.M.N.]

On semantic differential scales 76 subjects, equally divided with respect to Rokeach Dogmatism scores, judged sources (Nixon and Kennedy) and their messages (matched policy statements). "Open-minded" receivers were better able than "closed-minded" receivers to evaluate source and message independently. For the latter, credibility of the source is important in determining whether a persuasive communication will change opinions.

Cognitive Restructuring and Attitude Change. Timothy C. Brock, *Journal of Abnormal and Social Psychology*, April, 1962, pp. 264-271. [F.M.N.]

Attention has been drawn to two processes operative in attitude change: (1) Re-evaluation, i.e., shifts in the strength of *affective* responses to attitudinal stimuli. (2) *Cognitive* restructuring. Zajonc, following Lewin, designed two means of measuring cognitive

structure: (2a) the number of categories used to group attitudinal elements (Grouping); and (2b) the number of relations among the elements (Bonding).

Experiments influenced by dissonance theory have shown: (1) the more strongly the subject is forced to express views contrary to his original attitude, and (2) the less he is confronted with the implications of the dissonant position he adopts, the lower the dissonance and consequent attitude change.

A further experimental variable was the order of presentation of the two measurement sequences: (a) Evaluation-Structure, tests of evaluation, and consequently the opportunity to re-evaluate beliefs first, were administered before tests for structural components; and (b) Structure-Evaluation, tests of structure, and consequently the opportunity to restructure beliefs before they were re-evaluated, were administered first.

A Relationship between Self-esteem and Persuasibility.

Howard Leventhal and Sidney I. Perloe, *Journal of Abnormal and Social Psychology*, May, 1962, pp. 385-388. [F.M.N.]

Janis and others propose an inverse relationship between self-esteem and persuasibility: those low in esteem see themselves as less worthy and are therefore more inclined to accept influence. The experimental evidence lends only qualified support to this view.

Cohen takes a different approach. He suggests that people who rate themselves high in esteem use "avoidance defenses," which lead them to reject threatening persuasive communications but to be influenced by optimistic, gratifying, potentially self-enhancing ones. Those who rate themselves low on esteem use "expressive or sensitizing defenses" which produce the opposite reaction to the types of communication—they are influenced by the threats but reject the optimism.

The authors' experiment supports Cohen's hypothesis, but only among subjects who received communications from sources dissimilar to themselves, that is, high esteem subjects who heard a letter about Army life from a low esteem, pessimistic source, and vice versa.

The Restricting Effects of Awareness: a Paradox and an Explanation. Donald P. Spence and Bert Holland, *Journal of Abnormal and Social Psychology*, March, 1962, pp. 163-174. [F.M.N.]

The authors are interested in the effects on behavior of very brief or faint perceptual stimuli, and distinguish two theories about the process involved.

1. The intensity argument. Increments in stimulus lead to increments in response along a full continuum starting from the smallest non-zero stimulus. In addition, awareness of the stimulus can be used to measure the amount of information being registered.

However, some experimental evidence has shown that the effect of an impoverished (subliminal) stimulus varies *inversely* with its intensity: very brief exposure of images had a greater effect on the subject when they were considerably below the subject's threshold than when they were just below his threshold. This evidence upsets both the "continuum" and the "measurable by awareness" assumptions of the intensity argument. It has led to another approach:

2. This approach makes four important assumptions: registration of the stimulus is independent of awareness, with awareness and registration conceptualized as separate aspects of cognitive activity; degree of awareness of a stimulus at the moment of input cannot be used to predict the extent of its effect on a response;

the effects of a faint and weak stimulus are not necessarily weaker than those of a strong and clear stimulus; and the reduction of awareness changes the patterning of cognitive activity.

A new class of response is postulated as the stimulus goes below threshold level. A stimulus entering below the level of awareness "fans out" over a wider range of free associations.

Utility Analysis and Group Behavior, An Empirical Study. Martin Weitzman, *The Journal of Political Economy*, February, 1965, pp. 18-26. [J.L.G.]

The author points out initially in this paper that utility analysis is highly theoretical and has as its main purpose linking human preferences with economic behavior. Furthermore, few aspects of utility theory have been tested empirically.

In this experiment the author chose a new approach to utility analysis. Instead of studying individuals and generalizing from their utility behavior, he examined the behavior of a group of individuals to determine their utility curve for money and to correlate it with the theoretical literature on the subject.

The data concerned the collection of risk actions of parimutuel bettors at four New York race tracks over a ten-year period 1954-1963. During that period there were over 12,000 races and 110,000 performances. In this abstract there is no need to discuss the model used in analyzing the raw data. Suffice to say that Avmart's (average man at the race track) indifference map involving money prices and probability was constructed. The author assumed Avmart's adherence to the expected utility hypothesis and then derived his utility curve for money.

The theoretical model against which Avmart's utility curve was observed was that derived by Friedman and Savage as modified by Markowitz. The result in the words of the author showed "that the crowd at the race track behaves as if it were composed of a group of individuals each of whom possesses an identical utility function of the Markowitz Variety."

Some Current Conceptualizations in the Field of Conflict. Jessie Bernard, *The American Journal of Sociology*, January, 1965, pp. 442-454. [J.L.G.]

This article is something in the nature of an overview of studies and concepts currently developing in the field of conflict and in game theory. The differences in emphasis between the rationalistic (strategic) and the non-rationalistic approaches are discussed. The T. C. Schelling model is considered. The work of L. F. Richardson on arms races as it influenced Rapoport and Boulding is discussed. A comment or two are also included on sociological research in the area of conflict and on experimental studies which have been conducted.

Research and Competitive Product Differentiation in the Pharmaceutical Industry in the United States. William S. Comanor, *Economica*, November, 1964, pp. 374-380. [J.L.G.]

The article examines the growth of research and development of the pharmaceutical industry over the past three decades. The author develops a very interesting framework within which he shows a relationship among market structure, research, and technical change.

The introduction of penicillin and streptomycin during and just after World War II affected the market structure of the industry. Both drugs were in great demand; neither was protected by patents. Hence there was an influx of many new suppliers into the industry,

creating excess capacity, and encouraging active price competition. This caused prices and profits to fall.

The major firms in the industry realized that such competition could endanger future profits. The need for protected markets became clear. Such protection was sought through the development of substantial product differentiation. Selling was considered a major tool for differentiation. However, it is difficult to differentiate among products chemically identical or to persuade medical men that one brand is better than another. Hence the firms concluded that only through the continued introduction of new products could significant differentiation be achieved and sustained. With each leading company pursuing the same course of action competition based on relatively standardized products would stop.

The author demonstrates that competitive factors have influenced the direction, scope, and size of research establishments in the pharmaceutical industry.

Choice As An Interdisciplinary Area. E. E. Hoyt, *Quarterly Journal of Economics*, February, 1965, pp. 106-112. [D.F.D.]

Understanding choice-making is especially important today because technology increases alternatives so rapidly. If choice is not understood we are at the mercy of forces which we cannot evaluate, or even see at all.

Choice is divided into (1) the field of choice and (2) the act of choice. Economics is largely concerned with enlarging the field of choice; psychology emphasizes the act of choosing.

Part of the difficulty in understanding choice is our culture-centric predicament. We cannot see our own culture objectively, as popular writers continually point out. Moreover, we fail to recognize the virtues of other cultures, as problems in assisting economic development abroad have suggested.

Both the psychologist and economist are limited by culture-centric views, especially because they work separately. However, the anthropologist can contribute a realistic view of other societies. If the anthropologist felt the economist's concern with technological change, he would be in a stronger position to influence economics.

An Approach to the Direct Measurement of Community Mean Information Fields. Duane F. Marble and John D. Nystuen, *Papers and Proceedings of the Regional Science Association*, Vol. 11, 1963, pp. 99-109. [W.P.]

Using detailed trip diary data on movements of a sample of households in Cedar Rapids, Iowa, the authors construct an aggregate statistic termed "the mean information field." Mean information field expresses the average spatial extent of an individual's short term contacts. Reference is made to similar work done in Sweden and Japan, and to the usefulness of mean information field as a spatial parameter in models of the diffusion of personal communication or influence.

Problems in Computer Simulation of Diffusion. Forrest R. Pitts, *Papers and Proceedings of the Regional Science Association*, Vol. 11, 1963, pp. 111-119. [W.P.]

This article should be read as a companion to the Marble-Nystuen paper. (See review in this issue.) Pitts reports on simulation of a spatial diffusion model developed by Hägerstrand in Sweden. Inputs to the simulation are the location of the recipient population, the location of the first innovators, the mean information field, physical barriers to movement and their effects, and a normal curve of psychological resistance to innovation.

An Econometric Model of Metropolitan Development. John H. Niedercorn and John F. Kain, *Papers and Proceedings of the Regional Science Association*, Vol. 11, 1963, pp. 123-143. [W.P.]

An econometric model is fitted to data covering the 39 largest SMSA's over the 1954-1958 period. Changes in population and manufacturing employment are determined for the entire SMSA, and subsequently partitioned between the central city and the metropolitan ring. Changes in retailing, wholesaling, and selected service employments are also derived.

Among the broad conclusions developed are 1) that rates of population growth in the West and Southwest are being sustained at a higher level than regional redistribution of productive capacity alone would permit and 2) the retarding growth of central cities cannot be charged to the private automobile or to biases in governmental transportation policy, but is the result of more fundamental economic and technological trends in American society.

23. Wholesaling

Food Brokers Broadening Their Role in Food Distribution. *Progressive Grocer*, February, 1965, pp. 36-42. [R.J.M.]

Food brokers are playing an increasingly vital role in the distribution of food products. This study based on estimates undertaken by *Progressive Grocer* in cooperation with the National Food Brokers Association reports the magnitude of food broker operations and their activities.

Today there are 2,150 food brokers whose 17,000 salesmen call on and serve nearly every chain and wholesale headquarters. They also maintain continuous contact with and service 40,000 independent and chain food stores. This study estimates that excluding perishable products and certain merchandise such as soft drinks, beer, crackers, and cookies, 50% of the packaged grocery and frozen food volume moving from manufacturer and processor to retail stores is handled by the nation's food brokers.

This study is replete with statistics and commentary explaining the broker's role in food distribution.